FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,725 Thursday September 12 1985 D 8523 B

UK inner cities: a fuse waiting to be lit, Page 14

World news

Fed chief rejects economic optimism

Preston Martin, vice-chairman of the Federal Reserve Board, firmly rejected recent assertions by the Reagan Administration that the latest economic data suggests that the U.S. economy is "bouncing back" in the 1985 second-half.

Speaking in New York he repeatedly described the economy as "sluggish" and said it would be "very difficult undertaking" for the economy to move to a 4 per cent annual growth rate in the second half of this year.

The U.S. Commerce Department revised downwards its capital spending forecasts for the whole of this year to 5.8 per cent, compared with its earlier 6.2 per cent estimate. Page 3

Portugal train crash

At least 100 people were reported killed when two trains collided near Viseu in northern Portugal. The final death toll may be at least 200, as rescuers said many were trapped in blazing carriages.

Reporter expelled

Newsweek correspondent Ray Wilkinson was arrested in Cape Town and told he would be deported from South Africa. No reason was given.

UK criticised

The European Commission publicy criticised the British Government for withholding its support from a common package of EEC economic measures against South Africa, and came out in favour of stepping up pressure for an end to apartheid. Page 4

Salvador kidnap

El Salvador's President José Napoleon Duarte cancelled a trip to the U.S. after his eldest daughter was kidnapped by guerrillas.

Ambassador rescued

The Portuguese Ambassador to Lebanon escaped unhurt when Lebanese army troops fired on gunmen trying to kidnap him near the green line battle zone dividing Beirut.

Brazil bank strike

Brazilian bank workers began an indefinite strike after employers rejected their demands for a 118 per cent wage increase. Page 3

Sinowatz visit

Chancellor Fred Sinowatz arrives in Rome today for the first post-war visit to Italy by an Austrian head of government. He comes at a time of tension in the frontier province that his country ceded to Rome in 1919.

French rail head

France appointed Philippe Essig, managing director of the Paris transport network, as president of the French railways. He replaces André Chadeau, who resigned on Tuesday. Page 2

German spy jailed

Senior West German border official Franz Roski, denounced by his wife as a spy for East Germany, was sentenced to 5½ years in prison at the end of his trial in Koblenz.

Koch victory

Ed Koch, the Mayor of New York, moved smoothly towards his third term of office when he swept to a resounding victory in the Democratic primary elections. Page 3

Arctic drive

Canada plans to assert its sovereignty over a wide Arctic area by increasing surveillance flights and constructing the world's most powerful ice-breaker at a cost of C$500m ($364.9m) Page 3

Close encounter

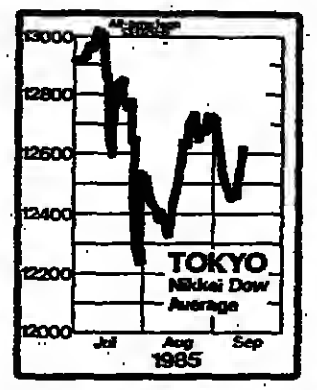
A U.S. space satellite cut through the tail of the Giacobini-Zinner comet about 44m miles into space with no apparent damage

Business summary

American Express to spin off insurer

AMERICAN EXPRESS, U.S. financial services group, plans to spin off its troubled Fireman's Fund property/casualty insurance unit through a public offering of 32m shares which will reduce American Express' holding in the insurance group to 45 per cent and generate around $600m for the parent group. Page 16

WALL STREET: The Dow Jones industrial average closed down 14.01 at 1,319.44. Page 36



TOKYO prices were sent sharply higher by broad-based buying of stocks. The Nikkei-Dow market average added 105.71 to 12,625.25. Page 36

LONDON equities rallied from mid-morning weakness and gilts staged a small revival. The FT Ordinary share index ended 0.2 lower at 1,006.6. Page 36

STERLING ended in New York at $1.307. It fell half a cent against the dollar in London to close at $1.308. It rose to DM 3.8725 (DM 3.86), SwFr 3.19 (SwFr 3.1850), FFr 11.80 (FFr 11.7650), but was unchanged at Y318.50. The pound's exchange rate index fell to 79.9 from 80.0. Page 29

DOLLAR ended in New York at DM 2.9673, SwFr 2.445, FFr 9.044 and Y243.85. It rose to DM 2.9610 (DM 2.94), FFr 9.02 (FFr 8.9650), SwFr 2.4390 (SwFr 2.4250) and Y243.50 (Y242.65). On Bank of England figures the dollar's index rose to 142.4 from 141.8. Page 29

GOLD: In New York the October Comex settlement was $322.4. Gold fell $1.50 on the London bullion market to close at $320.50. It also fell in Zurich to $320.60 from $321.90. Page 28

EAST GERMANY'S grain harvest this year is already 11.5m tonnes, 20,000 up on last year's record. Another 200,000 tonnes could still be reaped.

SEC has approved a proposal which will allow U.S. stock exchanges to begin trading a limited quota of over-the-counter stocks in a significant move towards further deregulation of the securities market.

SHELL and ESSO agreed to spend £640m ($832m) on the first oil production platform in the North Sea designed for unmanned operation. Page 10

NISSAN, second largest Japanese automotive group, said it did not intend to cut back exports from Japan while building up assembly operations in the U.S. and Europe. Page 17

REVLON, health care and cosmetics maker, admitted that its poison pill strategy to beat off a hostile bid by Pantry Pride could rebound and hurt Revlon. Page 17

TRICOR Mortgage Insurance, U.S. insurance group, announced rescue plans for troubled Equity Programs Investment Corporation (Epic). Page 17

PORSCHE, the West German sports car maker, is to consider the commercial prospects of its aircraft engine venture later this year. Page 17

NATIONAL INTERGROUP, Pittsburgh-based steel and financial services group, announced an agreement with Leucadia National, an unwelcome bidder for the company, to buy back most of Leucadia's stake at $24 a share. Page 17

Botha prepares to restore citizenship to homeland blacks

BY ANTHONY ROBINSON IN JOHANNESBURG

PRESIDENT P. W. Botha yesterday announced that South African citizenship would be restored to more than 8m black citizens of four "independent homelands." His initiative came as violence flared again in Cape Town and Bishop Desmond Tutu called for a week-long nationwide strike.

Mr Botha said that negotiations would take place with the governments of Transkei, Ciskei, Bophuthatswana and Venda to give dual citizenship to the 5.88m people living in the four homelands. South African citizenship would also be restored to more than 2m homeland citizens who were resident in South Africa and in many cases born there.

The main benefit of such a move would be to enable citizens of the homelands to seek work in white areas of the country and to live in black townships.

The move was welcomed as a significant shift away from apartheid structures by leading civil rights organisations. The deprivation of citizenship in the 1970s, which followed the creation of homelands, made millions of blacks aliens in their own country.

Leading business organisations also welcomed the President's declaration. The Associated Chamber of Commerce (Assocom) called it an important step in the right direction and the removal of a stumbling-block in the way of meeting black aspirations. The Afrikaner Handels Institut described it as a step which would cool conflict and improve black worker mobility.

Senate opponents of President Ronald Reagan's sanctions against Pretoria narrowly failed yesterday in a second attempt to bring a congressional package of tougher sanctions to a vote. In Strasbourg, a European Parliament bid to censure South Africa collapsed in disarray after the centre-right majority voted down left-wing calls for mandatory sanctions and the leftists and the far right rejected a more moderate centre-right motion.

Mr Botha, who was addressing the Orange Free State Congress of the ruling National Party in Bloemfontein, also promised to call a referendum if needed to bring about "drastic fundamental changes" to accommodate black political rights in a new constitutional structure.

Further changes in the country's apartheid laws are expected to be announced today when Mr Piet Koornhof, chairman of the President's Council, is due to reveal the council's recommendations for radical changes in the influx control laws which regulate the movement of blacks into white urban areas.

The measures now being formulated on citizenship and influx control were originally expected to have been announced by President Botha last month. His failure to do so contributed to the crisis of foreign confidence which led to temporary closure of the Stock Exchange

Overseas, the measures may be seen as a response to growing foreign pressures for the abolition of apartheid which has culminated this week in the adoption of limited sanctions by the U.S. and nine EEC governments.

But, as the President and leading ministers pledged further action to redress black grievances and press on with their strategy of evolution-

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Confident de Kock; UK stance attacked, Page 4

Hanson drops SCM bid as buyout offer is raised

BY TERRY DODSWORTH IN NEW YORK

HANSON TRUST, the UK-based industrial conglomerate, abruptly abandoned its bid for SCM Corporation of the U.S. yesterday after the New York group announced a new management buyout offer worth $74 a share.

The counter-bid topped Hanson's already-increased offer by $2 and was greeted by Wall Street as the knockout blow in the battle which has seen both sides raise their bids twice. By midday, SCM's shares, which have consistently traded the last few days over Hanson's $72-a-share offer, had fallen by $⅝ to $72⅞.

Under the terms of the SCM proposals, the company will be acquired by a corporation formed by Merrill Lynch, the New York securities house, and funded by Merrill Lynch and Prudential Insurance. The company is proposing to acquire 10m of SCM's common stock, or around 80 per cent of the equity on a fully diluted basis, for cash, while the remaining shares will be converted into subordinated debentures valued at $74.

The new bid is accompanied by a powerful defensive device in the shape of an option for Merrill Lynch to acquire SCM's food and pigments businesses for $80m and $350m respectively. Analysts say that these are two of the most profitable businesses in the SCM stable, earning probably around $12m and $65m pre-tax last year, and that it is extremely difficult to circumvent a defence of this kind.

Shareholders have in similar circumstances attempted to sue directors who have made similar commitments to sell key businesses in a takeover battle, but courts are usually reluctant to rule on a fair price argument, and the legal processes are also time-consuming.

In its announcement terminating its bid, Hanson said that all the SCM shares tendered to it would be "promptly returned."

SCM's share price fell $1⅛ to $72

Wall Street analysts said that the price now being offered by Merrill Lynch and members of the management consortium was close to the top of their expectations. Before Hanson made its move SCM's shares were trading at around $55, but Mr Mike Lloyd, of Woolcott Research, said that in a bid situation

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Merrill Lynch order, Page 17

BAT profits fall 25% on poor U.S. sales and strong pound

BY CHRISTOPHER PARKES IN LONDON

THE RECENT strength of sterling against the dollar, rising motor insurance claims and poor sales in key U.S. retail stores combined to cut BAT Industries' first-half profits by almost 25 per cent.

The City of London, which had been expecting pre-tax profits of around £500m, was shaken yesterday when the UK-based tobacco, paper, retailing and insurance multinational reported earnings of only £449m ($654m) against £594m in the first six months of last year.

Turnover was £7.589bn compared with £7.805bn last time.

Mr Patrick Sheehy, group chairman, said in London yesterday that the result was disappointing even allowing for the effects of exchange rate fluctuations, which accounted for £116m of the fall.

The share price fell sharply and ended the day at 278p, down 45p.

The company claimed profits would have been down only 5 per cent if exchange rates had remained stable.

The tobacco business performed relatively well. Although volume sales rose 1.3 per cent worldwide, the currency factor was largely responsible for reducing pre-tax profits by £50m to £305m.

The company, which claims to be the biggest tobacco manufacturer in the free world, has also been spending heavily on promoting Kool, its main brand in the U.S., and launching a new North American brand, Richland, which has 25 cigarettes in each pack.

Sales in the group's up-market U.S. stores, Saks Fifth Avenue and Marshall Field, held up well, reflecting the improving circumstances of the upper income brackets. However, lower grade stores such as Gimbels failed to match recent growth.

Retail market experts said an overall improvement in the U.S. economy was needed and much would depend on the crucial Christmas sales period.

The paper business, which includes UK-based Wiggins Teape and the Appleton speciality paper operation in the U.S., had a good six months compared with the rest of the group. Pre-tax profits were unchanged at £81m.

BAT's financial services arm, which includes the Eagle Star insurance company, has suffered from a surge in winter motor accident and property claims. Profits in this sector fell to £41m from £70m last time. Sun Alliance, Guardian Royal Exchange and other UK insurance companies have recently reported similar profit trends.

Announcing an interim dividend increase from 4.05p to 4.75p, the chairman said a comparable increase for the full year could be reasonably expected.

BAT, which has recently raised about £500m from a pruning exercise in which it has shed cosmetics and packaging interests, is currently planning to sell Grovewood Securities, a holding company with businesses ranging from the Brands Hatch racing circuit to pram manufacture.

Lex, Page 16; Details, Page 21

Howe fails to repair UK rift with Nigeria

BY MICHAEL HOLMAN AND PATTI WALDMEIR

SIR GEOFFREY Howe, the British Foreign Secretary, yesterday ended a two-day official visit to Nigeria which failed to end the strains caused by an abortive attempt to kidnap a prominent Nigerien exile in London last year.

Although Nigerian and British officials agreed that the visit helped to improve relations between the two countries, it seems to have fallen short of hopes that it might lead to an early restoration of full diplomatic ties.

The countries withdrew their high commissioners last July after an attempt to kidnap Mr Umaru Dikko, a prominent Nigerian exile and former Transport Minister accused of corruption. Mr Dikko is still in London seeking political asyhm.

There had been some expectation that the two sides might announce that the posts in London and Lagos would be filled again. But Sir Geoffrey said such a move was not an immediate possibility although he added that Britain's view was "the sooner the better.'

Although Sir Geoffrey struck a conciliatory note throughout his visit, the first by a foreign minister since the August 27 coup, he received a sharp rebuff at a dinner on Tuesday night hosted by Air Commodore Larry Koinyan, a member of the Armed Forces Ruling Council. "Those who flout our laws and have contributed to the suffering of our people cannot be allowed to hide behind the protective laws of our friends," he told Sir Geoffrey.

He went on to express Nigeria's doubts about the "sincerity and genuineness of Britain's protestations of friendship toward Nigeria." Nigerian officials have also indicated that the case of Major Mohamed Yusufu, a Nigerian security official jailed for his part in the kidnap, was a matter of concern. They are seeking his repatriation but this has been turned down by Sir Geoffrey.

The Foreign Secretary, speaking at a press conference before his departure, was forthright about what he saw as Nigeria's need to reach agreement with the International Monetary Fund (IMF). Talks have been deadlocked for 2½ years over the terms, including a substantial devaluation of the naira and a cut in domestic petroleum subsidies.

"As a politician and a former chairman of the IMF interim committee," Sir Geoffrey said, "I am well aware of the conflicting pressures which Nigeria faces. But without an agreement with the IMF it must inevitably be more difficult for Nigeria's friends to help as much as they would wish."

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ICL to computerise UK welfare system

BY JASON CRISP IN LONDON

ICL, the only British mainframe computer company, looks set to win orders worth £60m ($78m) from the UK Department of Health and Social Security (DHSS). The expected contract will be one of the largest ever awarded for computers in Britain and is comparable with the computerisation of the Inland Revenue, also won by ICL.

The project is to computerise the payment of supplementary benefits by the DHSS, which will eventually be linked with the Department of Employment's computers paying unemployment benefit.

ICL, which was bought last year by STC, the telecommunications group, has supplied all the existing large computers used by the DHSS, worth a total of about £50m. However, those orders and the large Inland Revenue contract were placed before EEC and General Agreement on Tariffs and Trade (Gatt) rules required open competition for government contracts.

No other company is being asked to tender for the latest DHSS contract. ICL and the DHSS say that technical constraints and costs of going to another computer system would be so great that it is exempted from the rules on open competition.

ICL will supply the DHSS with its new Series 39 computers which were developed using Fujitsu's microchip technology and launched earlier this year.

Initially ICL will supply a prototype system that will undergo development over three years. The first of the computers, which will be linked directly to the department's 500 social security offices nationwide, is not expected to be installed before 1989.

The actual cost of the computers is expected to be £30m.

Japanese lag behind 'British' with new products

By Ian Rodger in London

BRITISH manufacturers appear to be marketing more up-to-date products than their Japanese competitors, according to a survey of 176 senior executives in five leading industrial countries.

In another reversal from accepted ideas about national tendencies, most of the 35 Japanese executives interviewed were keen that basic research activities be maintained in the universities, whereas most of the 141 European and U.S. executives wanted universities to shift their emphasis to applied research.

The executives, drawn from the chemical, home appliance, machine tool, telecommunications and medical equipment sectors, were participating in a survey of attitudes to new technology carried out by Mori during the spring and summer for PA Technology, a UK management consulting group.

The British emphasis on new products, which may reflect the attempts of many manufacturers to catch up with foreign competitors, emerged when the executives were asked what portion of their companies' revenues came from products not being marketed three years ago. In the telecommunications sector, the British won 47 per cent of their revenues from new products, the Japanese only 23 per cent.

The same trend was true in all sectors. For example, the British proportion of revenue from new domestic appliances was 39 per cent, compared with 12 per cent for Japanese manufacturers.

The West Germans and Benelux telecommunications and domestic appliance companies also tended to get more of their revenue from new products than the Japanese.

Most of the other survey results show the Japanese standing apart, as usual, from their Western competitors. Perhaps the most disturbing example is that the Japanese, widely known for profiting from the basic research of others, strongly support the idea that their universities should concentrate on basic research. When the executives were asked their view of a move by universities away from fundamental research and towards more applied research, 60 per cent of the Japanese said it would be a bad thing. On the other hand, 65 per cent of the British, 64 per cent of the West Germans and 56 per cent of the Americans said this would be a good thing.

Dr Gerald Avison, director of PA Technology's Cambridge laboratory said that there was a real danger that "we will discover in 10 years'

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EUROPEAN NEWS

Unions call for scrapping of older airliners

BY DAVID MARSH IN PARIS

CONTROVERSY OVER airline safety after the summer tide of air disasters hotted up yesterday with a call from international trade unions to crap all civil aircraft more than 15 years old.

Mr Herman Rebhan, general secretary of the International Metalworkers Fedaration, which represents 15m workers including 1.8m in aerospace, blamed the "greed" of Japan Air Lines as being partly responsible for the deaths of 520 people in a Boeing 747 which crashed last month.

Addressing a conference of aerospace union leaders in Toulouse yesterday Mr Rebhan said be feared more "patched-up coffins" might be flying. He urged the creation of a powerful international air safety authority to carry out aircraft inspections. The conference, was attended by 120 union leaders.

Unions believe that combination of deregulation, bitter competition and the ageing stock of jumbo jets flows through the airline boom years of the 1970s is putting passengers' lives increasingly at risk. A "scrap and build" policy by the world's aerospace companies would also give a clear boost to jobs in the industry.

Mr Rebban said metal fatigue had been blamed both for the JAL tragedy and the Boeing 737 accident at Manchester in which 55 people died. In the JAL case, be said "greed played a part." The company kept flying a machine twice patched together

Mr Rebhan said companies were cutting between-flight turn-round times and reducing servicing personnel.

Declaring that "no aircraft older than 15 years should still be carrying passengers," Mr Rebhan said one out of six civil aircraft now flying were older

Jurek Martin in Tokye adds: JAL yesterday dismissed as "totally misinformed" and "pure sensationalism" Mr Rebham's criticisms.

Mr Geoffrey Tudor, a JAL spokesman, said that the Boeing 747 SR which crashed last month had logged only 25,030 flying hours. It had experienced a "hard landing" in Osaka in 1978 which resulted in fuselage damage being repaired by Boeing in work that was approved by both the U.S. Federal Aviation Administration (FAA) and the Japan Civil Aeronautics Board.

In 1982, an engine cowling had been damaged, but no structural problems to the aircraft had resulted.

Nancy Dunne in Washington writes: The U.S. air traffic control system is operating with "a diminishing margin of safety" with an overworked, inexperienced staff, according to a new report produced by the Honse of Representatives sub-committee on investigations and oversight. Analysing the growing number of mid-air near collisions and citing the still "adversarial" relationship between the controllers and their managers, it recommended that the FAA restrict air traffic until the controller workforce has been strengthened.

In June, the FAA revised upward its count of mid-air near collisions from 286 to 478 in 1983 and from 297 to 592 in 1984. "Such large adjustments in these numbers raises questions about FAA's collection and reporting system."

William Dullforce examines an Unctad report on a development plan for the 1980s

West fails to keep pledges to poorest nations

THE INDUSTRIALISED nations bave failed to meet pledges made to ibe world's poorest nations. This will resull in a further deterioration in ibe living standards of some 300m people already existing at subsistence level.

This message is in a report by the secretariat of the United Nations Conference on Trade and Development (Unctad) on a programme for the 1980s designed to promote development in 36 of the world's economically weakest countries.

The majority of the countries, 26, are in the drought-stricken arid band which stretches across Africa from the Cape Verde Islands to North and Sonth Yemen. The most populous, Bangladesh, occupies the low-lying estuary of the Ganges-Brahmaputra river system whieb is regularly ravaged by tropical cyclones.

The "*substantial new programme of action*" (SNPA) for the least developed countries (LDCs) was adopted at a UN conference in Paria in 1981. The report has been prepared for the mid-term review of the programme which will start in Geneva on September 30. It makes sombre reading.

The SNPA aimed at doubling the national incomes of the 36 countries during the decade, implying that their Gross Domestic Prodoct should grow at an annual average rate of 7.2 per cent.

In 1982 and 1983, growth averaged 2 per cent a year, which compares with the 4 per cent achieved in the 1970s before the programme began. The situation in 1984, aggravated by the drought in the Sahel region, is not thougbt to have improved.

Since the population of the group is increasing by 2.6 per cent a year, average GDP per capita actually declined in 1982 and 1983.

The world recession, low commodity prices, high interest rates, growing debt problems and natural disasters all contributed to this setback; but the most striking factor detailed in the Unctad report is the failure of the industrialised countries to honour the commitments they made in Paris in 1981.

The industrialised countries undertook eil! er to double their official development aid by 1985 or lo raise it to a level corresponding to 0.15 per cent of their GNPs. The results bave fallen well short on both accounts.

Development assistanee, which provides close to 90 per cent of LDCs' external revenues, reached a plateau in 1980-83, ranging between $6.9bn and $6.5bn. A doubling of the previous level in nominal, not real, terms would raisa assistance to $9.7bn this year.

The developed eountries' performance against the 0.15 per cent target is even worse. In 1980, before the programme started, their development aid to the 36 countries amounted to 0.09 per cent of GNP. It fell to 0.08 per cent in 1981 and 1982 and to 0.07 per cent in 1983: a small increase may have occurred last year.

AID TO LESS DEVELOPED COUNTRIES
(as per cent of donor's GNP)

	1982	1983
OECD countries		
Australia	0.10	0.07
Austria	0.014	0.03
Belgium	0.15	0.14
Canada	0.12	0.14
Denmark	0.29	0.28
France	0.12	0.11
W. Germany	0.12	0.12
Italy	0.07	0.07
Japan	0.05	0.06
Netherlands	0.29	0.24
Norway	0.35	0.35
Sweden	0.31	0.23
Switzerland	0.08	0.10
Britain	0.11	0.09
United States	0.05	0.04
Total	0.08	0.07
Opec countries		
Algeria	0.07	0.04
Iran	0.00	0.00
Iraq	0.06	0.04
Kuwait	0.83	0.97
Libya	0.10	0.18
Nigeria	0.03	0.02
Saudi Arabia	0.59	0.71
Venezuela	0.04	0.05
Total	0.25	0.25

Denmark, the Netherlands, Norway and Sweden had already exceeded the 0.15 per cent target before the Paris programme was agreed but Belgium is the only country to reach that level since.

The industrialised countries have raised their contributions to international aid agencies, but disbursements from the agencies have not been enough to offset the stagnation in bilateral aid and the sharp fall in export credits and other commercial funding. Tha total net external receipts of the LDCs declined from $8bn in 1980 to $7.4bn in 1983.

The trade performance of the 36 countries so far this decade has not ben beartening. The value of their exports climbed from $2.3bn in 1970 to $7.8bn in 1980: in 1982 it fell to less than $7bn, recovering towards $7.6bn last year.

The volume of exports has in fact risen steadily each year but low commodity prices have curbed revenue. Agricultural nroducts make up more than half the total, with coffee and cotton accounting for some 40 per cent.

The base scenario outlined in the Unctad report, which aims at illustrating the consequences of current trends, foresees significant increases in nominal prices for primary commodities in the second balf of the decade.

Even with the improvement in the LDCs terms of trade, however, their projected deficit on trade in goods would widen from $7.3bn this year to $13.4bn in 1990.

Assuming that finance for their capital requirements can be obtained, the implications of the Unctad scenario are that the LDCs would more than donble their combined medium- and long-term debt to $68bn by the end of 1990, representing almost 74 per cent of their combined GDP.

The conclusion is that the LDCs as a group "could not even maintain current per eapita consumption levels in the absence of significant policy actions."

The present average GDP per capita among the 36 is just above $200. That is one fifth of tha average for the developing countries as a whole and 2 per cent of per capita GDP in the industrialised eountries.

The Least Developed Countries—1985 report. UN Conference on Trade ond Development, 8-14 Avenue de la Paix, 1211 Geneva, Switzerland.

Mitterrand waves the flag in S. Pacific

By Our Paris Correspondent

THE FRENCH President, M Francois Mitterrand, will take his foreign and defence ministers to the nuclear testing site of Mururoa in the South Pacific tomorrow on a high-profile visit intended to assert France's presence in the region.

The surprise journey, announced by the Elysee lata on Tuesday night, is designed to replace with a more combative stance the rather defensive attitude France has taken in recent weeks in face af the unfavourable publicity caused by the Greenpeace affair and the French nuclear testing programme.

In addition to M Roland Dumas, the Foreign Minister, and M Charles Hernu, the Defence Minister, M Mitterrand will be taking M Hubert Curien, the Minister of Science, and M Georges Lemoine, junior minister for overseas territories.

Summoned to the meeting on France'a South Pacific strategy which M Mitterrand has called for Friday in Mururoa, are the French ambassadors to the U.S., Japan, New Zealand, Australia, and to other smaller states in tha region. Taking part as well will he senior officers in the armed forces including Admiral Rene Hugues, commander of the test area.

M Mitterrand is linking his visit to Mururoa with a stopover at Kourou, in French Guiana, to watch the 15th launch of an Ariane space rocket.

The aim is to emphasise the link in French defence strategy between nuclear testing and the space programme.

The unexpected announcement of M Mitterrand's visit has as yet received little comment from the opposition. Apart from impressing the Pacific basin countries with France's determination to remain a power in the region, the visit is also intended to deflect domeste criticism that tba Government has allowed France's image there to be ridiculed.

M Brice Lalonde, who stood as the ecologist candidate for the Presidency in 1981, said that there was a risk that M Mitterrand's visit would be taken by the regional states as a "challenge."

Agencies add: Australia yesterday denounced the forthcoming visit as "provocative." Mr Bill Hayden, the Foreign Minister, said many countries in the region nppoesd to the visit would see it as "very provocative."

France acts swiftly to appoint new head of railways

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government moved swiftly yesterday to nominate a new president of tha French railways to replace M Andre Chadaau who resigned on Tuesday after formally taking responsibility for the recent series of bad train accidents.

The new head of the organisation is to be M Philippe Essig, 52, eurrently managing director of the RATP (the Paris transport network.) An engineer who has worked with the railways or the Paris Metro for most of his career, bis appointment is likely to be officially confirmed by the Cabinet next week.

M Essig's most important task will be to encourage a greater sense of urgency among French rail workers over safety matters. The Government's complaint against M Chadean was that he should have acted early to tigbten safety procedures and that he failed to respond to public anxieties on the issue.

Within the SNCF it was reaffirmed yesterday that the Government had asked M Chadeau to step down. M Paul Quiles, the Minister of Transport, said, however, that although he had expressed the Government's dissatisfaction over the bandling of the accidents he bad not called on M Chadeau to resign.

French unions judged that M Chadeau's resignation would have no direct consequenee on the issue of improving safety. They blame the policies the SNCF has been following, with government approval, of cutting financial losses through reducing the workforce.

The SNCF's deficit wbich rose to FFr 8.3bn (£710m) in 1983 waa cut back to FFr 5.5bn (£470m) last year and is expected lo be reduced to FFr 1 bn this year. The SNCF has forecast that it will be back in balance by 1989. But the price has included a los of 10,000 jobs over the two years 1984-85, with more to come.

Like M Chadeau, M Essig has experience in daaling with the Communiats — a qualification required in the railways where the Communist-led CGT union is strong. He had day-to-day responsibility for the management of the RATP under a Communist president. M Chadeau, when appointed as bead of the SNCF in 1981, was privately given the task of checking the influenca of M Charles Fiterman, the then Minister of Transport, and a Communist.

Minister's trip to Albania may ease gold impasse

BY DAVID BUCHAN

FOR THE first time in 40 years, a French government minister is in Albania this week for an official visit that marks a further opening up of that country to its European neighbours, and that holds out the possibility of progress in resolving Tirana's diplomatic impasse with Britain.

France is one of the few countries to have relations with, and an embassy in, Tirana, and as sucb it has acted this year as something of a "go-between" to help Britain try to settle its long-standing dispute with Albania. The International Court in 1949 nearly awarded Britain nearly £900,000 damages against Albania for tha sinking in 1946 of two destroyers in the straits between Corfu and Albania.

Britain's position has been that, until that claim is paid, it will not agree to lease wartime gold which Albania claims. Tirana, for its part, wants no ties with Britain until it recovers the gold.

In March Britain began secret contacts with Albanian officials in Paris, and in tbree rounds of talks has put forward what UK diplomats describe as e "reasonable compromise."

So far, Tirana has refused any agreement. But this week's visit by M Jean-Michel Baylet, the French Deputy Foreign Minister, is expected to toucb on the issue in talks witb the government of Albania's new ruler, Mr Ramiz Alia.

M Baylet has taken with him several Freneh businessmen and journalists (the latter are normally exclnded), becanse Albania bas indicated it would like tn update its industry with Western technology.

Albania is in tbe process of forging new road, rail and sea links with neighbouring Italy, Greece and Yugoslavia, and has recently invited Western companies' help in exploiting oil and mineral resources.

In a speech two weeks ago, however, Mr Alia reiterated that he would never restore diplomatic links with what Tirana regards as the two "Satans"—the U.S. and the Soviet Union.

Pope will not meet Jaruzelski

By Christopher Bobinski in Warsaw

POLISH OFFICIALS have abandoned hope of securing a meeting in Rome between General Wojciech Jaruzelski, Poland's military leader, and Pope John Paul before next month's parliamentary elections here.

Mr Jerzy Urban, the government spokesman, says no meeting is planned "in the near future" and has denied that any preparatory talks have taken place. Nevertheless, there bave been consultations with both the Vatican and the Italian Government about a proposal that Gen Jaruzelski should stop over in Rome on bis way to New York for the United Nations General Assembly meeting, and wbile there be sbould meet Prime Minister Bettino Craxi and the Pope.

Sueb meetings would have helped Poland's drive to achieve respectability in the West, and provided the authorities with a powerful argument to set against the Solidarity movement's eall for people to boycott the elections.

However, the *trial* in Gdansk two months ago of three prominent Solidarity activists, Mr Adam Michlik, Mr Bogdan Lis and Mr Wladyslaw Frasyniuk, and the jail aentences they were given decided both the Pope and Sig Craxi against meeting Gen Jaruzelski.

Mr Stefan Olszowski, the Polish Foreign Minister, hinted wben in Rome in June that the sentences would be reviewed but no date bas even been set for an appeal.

The fact that the meetings will not take place also lessens the chances of official agreement for a trip to Poland by Pope John Paul for a eueharistic congress in 1987. Cardinal Jozef Glemp, tha Polisb primate, bas set his beart on another papal visit bere and had argued in favour of Gen Jaruzelski meeting the Pope in the Vatican. Significantly, the Poilsb bishops' last communique failed to mention that the Pope might coma to the congress.

In the Vatican, Cardinal Agostino Casaroli, tbe Secretary of State, with an eye to the church'a relations with tbe whole of Eastern Europe had also been in favour of the conciliatory gesture by the Pope towards the Polish Government.

However, the Gdansk trial, tha growing number of political prisoners, and the fact that a meeting with the general would bave been a direct intervention in the elections persuaded the Pope against it.

Poland's bishops are boping to stay neutral over the election issue, but the government will pnt pressure on them to vote on the day. In last year's local government elections, the majority of the bishops stayed away

Spanish currency law in doubt

BY DAVID WHITE IN MADRID

THE ABILITY of the Spanish authorities to prosecute people alleged to have smuggled money out of the country between 1979 and 1983 has been called into question by a Constitutional Tribunal decision.

The Tribunal has suspended a jail sentence on one culprit while it decides wbether the exchanga control laws then in force breached the constitution. This is likely to take several months.

The six-month sentence and a Pta 24m (£107,000) fine were imposed by a high court and confirmed by the Supreme Court.

Defence lawyers appealed to the Tribunal in April on the grounds that exchange controls restrict public liberties and can therefore only be enforced through an "organic" law. Organic laws, which require an outright majority in Parliament, apply to fundamental rights and other provisons laid down in the constitution, sucb as the electoral system and the granting of regional autonomy.

The 1979 legislation covering currency offences, which replaced a previous law dating from the Civil War, was modified in August 1983 to make it an organie law.

It is now possible that the authorities will find themselves with a legal void for the intervening years, which ineluded two important events believed to bave provoked relatively heavy capital flight—the attempted army coup of February 1981 aod the Socialist party's election victory in October 1982.

The constitutional development may also affect the so-called Palazon affair in which several society figures are accused of using an illegal network to ehannel funds to Switzerland. It may also affect proceedings against former executives of the Rumasa group, which the Government seized in 1983.

However, the authorities would not in any ease have been able to press currency eharges against the former Rumasa cbairman, Sr Jose Maria Ruiz-Mateos, now in West Germany. His extradition was recommended by a regional court in Hesse to faee trial solely on accounting and falsifieation eharges. Bonn is expected to decide on the extradition request once Sr Ruiz-Mateos's appeal for political asylum has heen heard in Wiesbaden next month.

Central banks to issue reminder on capital

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CENTRAL BANKS and other agencies responsible for supervising the banking system will be reminding commercial banks over the next few weeks of the need to ensure that off-balance-sheet business is adequately backed up with capital.

The reminder will follow a progress report made on Monday to central bank chiefs by a specialised committee of the Bank for International Settlements (BIS), which has been looking into the rapid expansion of off-balance-sheet business as banks become increasingly involved in underwriting short-term securities issues in the Euromarkets.

At their meeting on Monday, central bank governors of the world's leading industrial countries considered but rejected the idea of publishing some preliminary conclusions on the inquiry.

With more work to be done, the governors were anxious to avoid giving prominence to the issue of off-balance-sheet business at this stage and decided instead to inform banks on a national but co-ordinated basis.

Led by the Bank of England, central banks have been growing increasingly concerned at the way in which banks are piling up often undisclosed risks on their balance sheets through their involvement in areas such as underwriting, interest-rate swaps and standby credit commitments. The note issuance market alone has ballooned to $50bn from nothing five years ago.

U.S. wine duties urged

U.S. GRAPE growers and wine producers have renewed their request to federal trade authorities to impose special duties against imported Italian, French and West German wine, Reuter reports from Washington.

The American Grape Growers Alliance said the three European governments subsidised producers in 1984 by at least $875m and added that much French and German wine entered the U.S. "at less than half the cost of production."

The growers, who have battled unsuccessfully for several years for protection, asked the International Trade Commission and the Commerce Department to impose both countervailing and anti-dumping duties against the imported wines.

U.S. growers alleged the illegal foreign subsidies caused losses of more than $300m for California grape growers alone last year.

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Martin rejects optimistic view of U.S. economy

BY PAUL TAYLOR IN NEW YORK

Mr Preston Martin, the vice chairman of the Federal Reserve Board, yesterday firmly rejected recent Administration assertions that the latest economic data suggests that the U.S. economy is "bouncing back" in tho second half of this year.

Mr Martin, speaking in New York, repeatedly described the U.S. economy as *remaining* "elnggish" and said it would be "o very difficult undertaking" for the economy to move to o 4 per cent annual growth rate in tho *second* half.

comments contrast sharply with those of Mr Beryl Sprinkel, chairman of the President's Council of Economic Advisers, who on Friday cited the recent decline in the U.S. jobless rate as ono of several pieces of "clear evidence" that the sluggish economy is "revving up."

Mr Sprinkel claimed that these indicators supported the Administration's view that economic growth in the 1985 second half could reach a 5 per cent annual rate.

However Mr Martin, like most private sector economists who expect real gross national product to grow at an annual rate of between 3 and 4 per cent in the *second half*, cast doubts on the real meaning of the latest batch of economic statistics. "Let's not let two weeks of information blind us to *the risks of continued sluggish* growth," be warned.

Mr Martin said for the economy to expand at a 4 per cent annual rato in the second half the consumer would have to be "very active," the housing sector would have to come "bouncing back" and the merchandise trade imbalance would have to narrow dramatically. "I see no signs that those sectors are showing exuberance," Mr Martin said after speaking at the independent Conference Board's annual business outlook seminar.

But bo added that he thought the economy could continue to grow at the 2 per cent annual rate it has averaged in the past four quarters without running out of momentum and slipping into recession.

Overall Mr Martin said the U.S. economic outlook remains "fairly good" but he added there are a number of risks that could come into *play and present* the Fed with rather difficult policy choices in the future.

While Mr Martin appeared to rule out any further easing in Fed monetary policy in the near term—because of concerns that this could spark a market-led *push towards higher long term* interest rates — bo emphasised that the Fed is continuing a "flexible" approach to monetary policy.

"We are now in the third year of an economic expansion that has been in the doldrums for four quarters. In order for this economic path—sustained growth — to be realised and the risks to be managed, it must be eupported hy a flexible approach to *monetary policy* by *the* Federal Reserve."

Fed to give guidance to banks on dividends

By Stewart Fleming in Washington

THE Federal Reserve Board is preparing standards to guidc banks in their decisions on whether to cut or eliminatc *shareholders' dividends* when they are experiencing significant problems, Fed chairman Mr Paul Volcker told Congress yesterday.

The Fed is also "actively considering" what limitations are appropriate on the freedom of banks to undertake "particularly risky activities that may be sanctioned by state law" but which "appear to extend beyond the intent and framework of federal legislation," Mr Volcker said.

In testimony before the Senate Banking Committee about the possible reform of the federal deposit insurance system, Mr Volcker warned Congress that this is "no time for over-reaction" to the problems in the financial sector.

Commenting later on the idea that the $100,000 *(£77,000)* insurance for depositore with funds in insured banks could be reduced, the *Fed chairman said:* "I do not believo that this is the time to inject more uncertainty into the system."

In comments which will be read as further evidence of the trend towards the re-regulation of the banking system Mr Volcker said: "our financial history demonstrates unambiguously the dangers of relying on market disciplino alone" to ensure that financial institutions behave in a prudent manner.

Market discipline, he added, did not prevent the bank *failures prior to the* 1930s.

While emphasising that the health of the financial system ha not been undermined by increases in the number of failures or near *failures*, Mr Volcker indicated that bc is not anxious to see the rapid implementation of some of the more far-reaching changes in the federal *insurance* system under discussion.

Mr Volcker conceded that somo savings and loan associations had "decided in effect to roll the dice by undertaking particularly risky activities," secure in the knowledgo that the federal insurance system would bail out their depositors if they lost.

But hc added that there was reason to question whether a change to an insurance system which levied highor premiums on banks taking higher risks would bring practical benefits.

Hc did endorse a phased-in extension *of* the deposit insurance system so that banks *would* pay a *premium* on their overseas deposits.

Ho said that the Fed is examining the option of a "risk related capital measure" and added that he found "attractive in concept" the recent proposal of the chairman of the Federal Deposit Insurance Corporation that the capital requirement for banks be increased to 9 per cent through the issuc of subordinated dobt.

GTE pleads guilty to obtaining Pentagon papers

BY PAUL TAYLOR IN NEW YORK

GTE, the U.S. telecommunications group, said *it* will plead guilty to federal charges that its government systems unit, a vice president and a former company consultant illegally obtained Pentagon budget and planning documents dealing with electronic-warfare programmes during the early 1980s in order to help prepare bids for military contracts.

GTE's action came after the federal criminal charges were filed in court. The *company* said it would pay $590,000 (£454,000) to the Government to cover tho costs of the Defence Department investigation. It *would also adopt* internal controls to prevent misuse of classified documents.

Canada unveils measures to assert Arctic sovereignty

BY BERNARD SIMON IN TORONTO

THE Canadian Government has unveiled a number of military and legal measures to assert its sovereignty over a wide area of the northern Arctic.

Mr Joe Clarke, Foreign Minister, told Parliament that the authorities plan to increase military aurveillance flights over *the Arctic, and will proceed* with construction of the world's most powerful ice breaker, a C$500m (£278m) vessel, able to cut through ice 2.5 metres *thick*.

In addition, the Cabinet bas issued a detailed description, in tho form of so-called straight *base-lines*, of areas in the northern Arctic archipelago which Canada considers to be internal waterways.

The measures follow a controversial journey *by* U.S. Coastguard ice breaker Polar Sea through the North West passage last month. The U.S. Government refused to ask Canada's permission for the voyage arguing that Arctic waters are international territory open to all shipping.

Canada has long claimed sovereignty over the Arctic seas north of its mainland but its power to enforce these claims has been limited.

THIRD TERM OF OFFICE VIRTUALLY ASSURED

Koch wins NYC mayoral primary

BY TERRY DODSWORTH IN NEW YORK

MR ED KOCH, tho irrepressible Mayor of New York, moved smoothly towards his third term of office yesterday when he swept to a resounding victory in the Democratic primary elections.

Koch: swoeping victory

The result was widely expected after a race in which neither of Mr Koch's two main rivals *had managed* to gather the necessary momentum to mount an effective challenge to the incumbent.

The mayor won a convincing majority in virtually overy constituency in the city, including most of the black and Hispanic communities, where he was said to be a weak candidate. At tho final count be was given 63.6 per cent of the votes cast, only marginally *short of* the record 64.1 per cent won by Mr Robert Wagner in 1953, and well up from the 60 per cent Mr Koch amassed in the 1981 primary.

Victory in the primary virtually assures the 60-year-old mayor of re-election in the November 6 poll, since Democrats account for four out of five of every registored voter *in New York City.* Ho has shown throughout the primary that be bas lost none of his fabled ability to dominate and *his finances* are *brimming* over with cash—he spent $5.4m (£4.2m) on his campaign against the $800,000 of bis main rival, city council president, Miss *Carol Bellamy*.

Celebrating his victory yesterday, Mayor Koch acknowledged that there have been some weaknesses in his previous administrations, and said that be has sometimes given in to political expediency.

He also sought to respond to the criticism that he has done far too little for the poor in tho city, the main issue on which he was attacked by *Miss Bellamy*, the candidate of the Liberal wing of the Democratic Party.

Commenting on the perception of New York as a city *sharply divided* between the rich and the poor, be said: "I would like that there be no longer the concept that there are two cities. I'm going to try desperately to *make sure* that the poor bave available to them acceptable minimums below which they may not fall."

Mr Koch said be would concentrate on fiscal stability, the particularly deprived Hiepanic poor—"without in any way limiting whot we do for black poor or white poor"—and improvements in essential services, especially *housing, education* and mass transit.

If Mayor Koch carries the city in November, he will become only the third man to hold the office for three terms in modern history. The previous two were Mr Robert Wagner in the 1950s, and Mr Fiorello LaGuardia, a legendary figure who became known as "the little flower" after starting his edministration in the depths of the depression in 1934.

Mr Koch *has frequently* said that he wants to be measured by Mr LaGuardla's standards. "It would be nice, obviously if bistory ultimately were to say there was another mayor that came to the same pinnacle," bc said yesterday.

U.S. moves to raise European role in SDI

BY PETER MARSH IN BALTIMORE

THE U.S. Defence Department has instructed five top teams of contractors working on President Reagan'e Strategic Defence Initiative *to re-orient* their studies to take into account unease that Europe could fail to share with the U.S. the benefit of e defensive ehield against Soviet nuclear attack.

The companies have been told to focus more attention on measures such as electromagnetic rail guns — space-based weapons that accelerate tiny bullets at high speeds — which could combat short rango missiles directed at Western Europe *from* submarines.

This change in stance camo as Lt-Gen James Abrahamson, director of the Pentagon's Strategic Defence Initiative *Organisation*, expressed *disappointment* at tho slow poce at which West European nations are becoming involved in the Star Wars programme. The *SDI initiative is intended* to design by 1990 a strategy to shoot down Soviet missiles before they reach the West.

He said coocern in Europo that the initiative could *leave* west European nations unprotected bad contributed to delays in obtaining ogreement over collaboration on the project with *the U.S.'s North Atlantic* Treaty Organisation allies.

General Abrahamson acknowledged tho existence of "*pcoblems of communications*" which bad resulted *in* "simplistic images" about Star Wars prevailing. These bad focused on the notion that the initiative could lead to "war in the beavens" instead of the programme's real aim to fund research to make nuclear weapons obsolete.

"Over the past year we have had a very political atmosphere," said the general, *speaking at a reception* in Baltimore.

The five teams that the Pentagoo has told to change tack are each *working* on $5m (£3.8m) contracts to design "systems architectures" for the $26bn project. They inrlude Sparta, TRW, Martin Marietta and Science Applications. The Peotogon has not yet named the fifth company.

Brazilian bank workers begin strike

By Andrew Whitley in Rio de Janeiro

AN indefinite strike by nearly 700,000 bank workers throughout Brazil began yesterday amid clashes *between* police ond pickets.

The strike, threatening rapidly to bring chaos to the country's financial system, will be a severe test of the resolve of President Jose Sarney's government to bold the lino against inflation - boosting increases in salories.

Yesterday morning, first reports from around the country indicated that the strike was being lorgely observed in major *urban centres*. Only a few braoches stayed open, with the help of police who used teargas to disperse pickets.

Sr Dilson Funaro, the recently appoioted Finanre Minister, acknowledged that the consequences of a prolonged stoppage could be severe.

The loose grouping of trade unions representing lower grade bank employees in Brazil have united behind a demand for the incorporation into basic rates of pay of a 25 per cent bonus *already granted*, a real salary inrrease of 10 per cent, and quarterly, as opposed to six monthly, wage adjustments.

• Petrobas, the Brazilian state oil company, has announced the discovery of the country's largest oil find. The new field, in the Campos Basin, the leading oil producing region, could contain as much as tbn barrels of crude, of which an estimated 300m is said to be recoverable. Sr Helio Beltrao, president of Petrobras, said on Tuesday the new find could raise the country's confirmed reserves by as much as 40 per cent.

BRITISH CABINET TO MEET ON SOUTH AFRICA

EEC hits at UK sanctions stance

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Commission yesterday publicly criticised the British Government for withholding its support from a common package of EEC economic measures against South Africa, and came out in favour of stepping up the pressure for an end to Apartheid.

Mr Willy De Clercq, Commissioner repsonsible for external relations, told the European Parliament that proposals for further measures — including trade sanctions — were ready to be presented to the member-states as soon as they reached a consensus on the issue.

The British Government refused te back the package of limited measures — including formalisation of the effective embargo on North Sea eil supplies to South Africa, and the withdrawal of military attachés from Pretorie — approved by the other nine Community members in Luxembourg on Tuesday.

However, the whole British Conservative group in the Parliament yesterday decided to vote in favour of the Luxembourg package, and in defiance of London'a request for further time to consider the issue.

In a speech delivered to the Parliament in Strasbourg on behalf of the whole Commission, Mr De Clercq declared that the British reservation "had not helped Europe."

He said the package of measures was not spectacular, but provided a political signal to the South African Government "that the writing is on the wall" for the Apartheid system.

Officials in Strasbourg yesterday would not comment on what specific proposals the Commission had in mind, although they would certainly concern majer items of South Africa'a trade with the Community such as coal, steel, and fruit, as well as minerals.

Mr De Clercq'a statement amounts to a highly unusual departure of the Commission into what is a clearly political domain.

It reflects wide agreement among its members on the need and the inevitability of increasing pressure on South Africa.

Robert Mauthner, Diplomatic Correspondent, adds: The British Cabinet is today due to discuss the problem of sanctions against South Africa, following Tuesday's agreement by its EEC partners.

The Cabinet is due to hear a report on Britain's policy elther from Sir Geoffrey Howe, the Foreign Secretary, who returned last night from a visit to Nigeria, or Malcolm Rifkind, Minister of State, Fereign Office, who attended the meeting of EEC Ministers in Luxembourg.

British officials yesterday described the decision of the nine other EEC member-countries as no more than "codifying existing practices" in most cases.

They stressed that Britain was already applying a ban on exports of military and nuclear equipment as well as computers to South Africa.

It was pointed out in London that the decision by the Nina to withdraw military attaches was, in the case of the majority of EEC countries, an empty gesture.

Only Britain and France of the present Community members and the two prospective members, Spain and Portugal, had military attaches in Pretoria.

Mr Rafkind had made it clear hat Britain was opposed to the withdrawal of its military attaches because they provided valuable information on the activties of the South African armed forces which played such an important part in the ruling establishment.

Prospects for rescheduling excellent, says de Kock

BY ANTHONY ROBINSON IN JOHANNESBURG

DR GERHARD de Kock, Governor of the South African Reserve Bank, said yesterday that foreign bankers bad shown "great understanding" and that chances of reaching an agreement on how to proceed with debt rescheduling were "excellent."

Speaking to foreign and domestie newsmen after 12 days of meetings with five central banks, the International Monetary Fund and 19 commercial banks, he said bankers had described the South African decision to introduce a four-month capital repayment standstill as "the wierdest standstill they had ever heard of," in view of the strong current-account surplus and hitherto-unblemished payments record.

He revealed thet latest calculations by the Reserve Bank showed total long and short-term indebtedness of both tha public and private sector was around \$24bn (£17bn)—\$2bn higher than the \$22bn figure announced earlier, although that might include some element of double-counting.

The central hank had also arranged further "small" gold swaps over the past two weeks, but he did not say how much was involved.

South Africa could repay its deht and intended to meet all its obligations, Dr de Kock went on, but no country, least of all the U.S., was in a position to repay Its debts over three to four months.

It would be possible for South Africa to repay its short-term debt over several years by continuing to run e strong current-account surplus.

But it would be a tragedy to turn sub-Saharan Africa into a net exporter of capital in this way, when what was neaded was greater investment to create growth, jebs and progress in the region.

"We are the power-house of Southern Africa. If they want to promote hlack advancement, the answer is more investment, not less."

Turning to the domestic implications of hte standstill, Dr De Kock noted that after a year of austerity, South Africa had been preparing for a new npswing.

"We had planned for a further decline in interest rates before the end of the year but this process will have to slow down."

"I'm very optimistic. I think the past 12 months have allowed us to reflate without eliminating the current-account surplus," bo concluded.

Mandela 'needs operation'

Nelson Mandela

THE imprisoned hlack leader Nelson Mandela has an enlarged prostate gland, with cysts on his liver and right kidney, and doctors say he needs surgery, Mr Mandela's daughter Zenani said after visitiog him at Cape Town's Pollsmoor Prison yesterday, *AP reports*

Zenani Mandela said ber father looked well but the family is asking for their own physicians to examine him. No date for surgery had been set, Mr Mandela's daughter added. She did not say if her father had decided to go ahead

The significance of his condition was not clear. The Prisons Service had no immediate comment.

Mr Mandela, 67, is the leader of the ontlawed African National Congress (ANC), tha main guerrilla organisation opposed to white-minority rule. He was jailed for life in 1964 after being convicted of planning sabotage.

Word of his condition followed an 80-minute special visit that prison euthorities granted to his wife, Mrs Winnie Mandela, and his daughters Zinzi and Zenani.

"My father looks very well and he was very happy to see us," Zenani said in a prepared statement read at Cape Town's D. F. Malan Airport.

"He told us he had been seen several times by prison doctors since March 23 and was X-rayed.

In Durban yesterday, South Africa's tough security laws suffered a serious setback when a court ordered the release of a church worker detained without trial under a regulation used frequently in government crackdowns on dissidents.

The city's supreme court overruled state objections and ordered the immediate release of Mr Paddy Kearney, head of a church relief agency who was detained two weeks ago.

Lawyers said It was the first time South Africa's Internal Security Act had been tested in court

Iran navy boards another cargo ship

By Our Middle East Staff

THE IRANIAN navy yesterday boarded another cargo vessel in the Gulf, the fifth *that it has stopped this month.*

The ship, the Jin Jang, was en route to Kuwait via the Strait of Hormuz when it was taken into the Iranian port of Bandar Abbas where it was being unloaded.

Iran has adopted a more aggressive attitude towards vessels heading for Kuwait, apparently in response to intensified Iraqi air attacks on its main oil export terminal at Kharg Island.

Iraq claimed yesterday its ninth attack on Kharg in less than feur weeks. Since the middle of August, it has been attempting to bomb the terminal rather than attack the vessels using it.

However, with aircraft operating from a very high altitude, the chances of a direct hit being scored on a loading jetty are relatively slim and only slight damage has so far been reported.

Since the outbreak of the Gulf war nearly five years ago, Iran has repeatedly warned Kuwait against allowing its ports to be used as an Iraqi supply route.

These warnings have been stepped up in the past month and Iran has said it will halt any vessel which it believes may be assisting Iraq's war effort.

Hussein believes Arafat serious about peace

By Walter Ellis in Tel Aviv

KING HUSSEIN of Jordan firmly believes that Mr Yassir Arafat, chairman of Al-Fatah, the largest faction within the Palestine Liberation Organisation, is serious about talking peace with Israel, according to leaders of the American Jewish Congress, Walter Ellis reports from Tel Aviv.

The delegation had previously spoken in Cairo with President Hosni Mubarak of Egypt and reported yesterday to Mr Shimon Peres, the Israeli Prime Minister, in Jerusalem.

According to tho Americans, headed by Mr Theodore Mann, the congress President, King Hussein believes that Fatah may now be ready to accept a Palestinian state based on the West Bank and federated with Jordan.

The king is reperted to have stressed the "moderating" nature of Fatah within the PLO and said that Mr Arafat was not involved in organising present violent incidents in Israel and on the West Bank.

Israel should now put Mr Arafat to the test, the king is reported to have said. If he did not show willingness to compromise, then be, the king, would consider ending his present talks with the PLO.

Sri Lanka poll test for peace

THE RESULTS of a by-election in the southern Sri Lankan area of Mulkirigola today will test the Government's will to resume the India-sponsored talks with the minority Tamil leaders, Mervyn de Silva reports from Colombo.

"For the first time in our island's history, the Sinhalese have become refugees in their own country," said the opposition leader, Mr Anura Bandaranaike, who is spearheading the campaign by the Freedom Party (SLP) in a seat traditionally held by the ruling UNP party.

If the UNP retains the seat the Government's position on the Tamil problem will be greatly strengthened. A Sri Lankan Government team left for New Delhi for more talks yesterday.

China growth aim

China is aiming at annual economic growth of 7 to 8 per cent during the 1986-1990 Five-Year Plan, Deng Xiaoping the Chinese leader, said yesterday, Reuter reports from Peking.

The draft of the seventh Five-Year Plan is to be presented to a Communist Party conference for approval later this month. The planned growth rata in 1981-85 was 4 per cent a year. But the actual figure was nearer 10 per cent.

Japanese brokerage chief urges issue of \$10bn 'Nakasone bonds'

BY JUREK MARTIN IN TOKYO

THE president of Nomura Securities, Japan's largest *brokerage house, has urged his* Government to issue some \$10bn (£7.1bn) worth of "Nakasono bonds" to try and help raise the value of the yen against the dollar.

It was reported yesterday that Mr Setsuya Tabuchi's revival of an old idea had attracted the interest of Mr Yasuhiro Nakasone, the Prime Minister. However, the powerful Ministry of Finance was said to remain sceptical.

"Nakasone bonds" are derived from those issued under President Jimmy Carter'e name in Europe in 1979, when the dollar was extremely weak.

Whether yen-denominated or convertiblo into yen, their purpose would be to attract capital into Japan, either from foreign investors or from the vast pool of dollars held by Japanese outside the country.

As such, according to Mr Tabuchi, they would serve as a preferable alternative to attempts to control the outflow of long-term capital from Japan, mostly to the U.S., which has been running at record levels.

Only last weekend, Mr Nakasone, desperately seeking to appease the U.S. before he goes to Washington next month, urged the Ministry of Finance to "jewbene" Japanese institutions into reducing their foreign bond purchases.

Tha Finance Ministry has reacted with much caution, and has pointed out publicly that interference with capital flows runs counter to the policy of financial liberalisation to which the country is committed.

It has also been instrumental in ensuring that "Nakasona honds" were shelved the last tima they were freely mooted—in the eummar of 1983. On that occasion, and possibly again now, the Finance Ministry expressed concern about the possible conseqnences fer the cost of domestio financing operations.

Another indication of the extreme nervousness now afflicting Japanese politicians about relations with the U.S. was provided yesterday, when Mr Susumu Nikaido, deputy leader of the ruling Liberal Democratic Party, called for an international conference on exchange rates.

Mr Nikaido, who will be preceding his Prime Minister to Washington, is far from alone in believing that currency misalignment is the root cause of much, if not all, of Japan's trade imbalance with the U.S.

But the Japanese Governmnet was noticeable for its reluctance to offer any support to a similar French eall for such a conference last year.

It appears that the imminence and enormity of the U.S. protectionist threat is causing tha politicians, at least, to think again.

Australian trade deficit slimmed

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S trade deficit was slimmed to A\$55m (£28m) last month, down A\$484m on the record trade deficit seen in July. A 13 per cent rise in exports was coupled with a 2 per cent fall in imports.

As a result, tha current account deficit fell by about a third last month to A\$895m. July's trade figures was affected by purchases of aircraft and a satellite.

The trada figures will continue to be closely monitored by the markets, to see whether Australia is heading for a repeat of 1984-85, when the current account deficit soared from A\$7.4bn to A\$10.2bn.

This was one of the factors behind the plunge in the local dollar earlier this year.

For tha first two months of Australia's 1985-86 financial year (July and August), the trade deficit totalled A\$544m against A\$607m last year, whila the current account deficit for the first two months was A\$2.2bn, against A\$2.1bn.

The Australian Council of Trade Unions (ACTU), yesterday ratified a two-year extension of its pay-and-prices accord with Mr Bob Hawke's Labour Government.

Unions are to accept lower-than-normal wage increases next April to halp counteract the inflationary effects of the Australian dollar'e depreciation, in return for tax cuts next September.

Mr Ralph Willis, the Employment minister, told the ACTU yesterday: "We have the extreme irony in Australia at present that after two years of responsible behaviour, with overwheiming adherence to the accord, and record low levels of industrial disputes, the conservative political parties are doing all in their power to generate hysteria about excessive union power."

Pyongyang and Seoul try to secure their futures

North Korea courts Moscow's favours

BY STEVEN B. BUTLER IN SEOUL

Kim Il Sung

A VISIBLE and highly-publicised improvement in relations between North Korea and the Soviet Union has political and military analysts in Seoul, the South Korean capital, wondering how far the trend will continue.

The delivery of MiG 23 aircraft to the North has already begun, and modern surface-to-air missile systems are expected soon. The North's most sophisticated aircraft previously was the antiquated Mig 21, supplied by China.

On August 13, as part of the 40th anniversary celebration of the Korean liberation from Japanese colonial rule, three Soviet warships called in to the port of Wonsan, the first visit ever of Soviet naval vessels to North Korea.

Tha Soviets also sent a high-powered delegation headed by Mr Geydar Aliyev, the first deputy premier, to attend the celehrations in Pyongyang, the North Korean capital. A delegation from China, which has had close ties with North Korea, was notably absent.

Soviet bombers have also been spotted recently in training manoeuvres over North Korean air space.

Most analysts, however, are treating these developments with caution. Tha capabilities of tha MiG 23 depend largely on its package of radar and other electronic and weapons systems, which are currently unknown, but it cannot challenge the air superiority provided by tha F15s and F16s deployed in South Korea.

Military specialists say that because of the mountainous terrain, air superiority in any war in Korea would be a crucial factor, as it was during the Korean war in the 1950s. The North's superiority in ground forces and armoury would not give it an automatic edge.

Mr Kim Il-sung, the North Korean President, has for 40 years preserved independence by playing e balancing act between Peking and Moscow. Until recently, relations between North Korea and the Soviet Union have been somewhat cool, apparently reflecting Moscow's suspicions over Pyongyang'e intentions, and Moscow's desire to avoid an outbreak of war in Korea.

Diplomats say the improvement in relations reflects Moscow's more aggressive stance in the region, and an effort by North Korea to broaden international support as it faces a leadership succession. Mr Kim is expected to transfer power to hle son, Mr Kim Chong-il, in the near futura.

"Kim Il-sung is trying to build himself into a strong position vis-a-vis the South," says one Western diplomat.

The North is concerned about the prosperity and rising international acceptance of South Korea, as symbolised by the 1988 Olympics, which are to be held in Seoul. North Korea's recent bid to co-host the Olympics has been supported by Moscow, although South Korea has flatly rejected the idea.

While North Korea has improved relations with Moscow, it has also been careful to preserve close ties with China.

Taking a dip in spy-infested seas

AS THE sun descends slowly toward the Taeback mountains, which form a high natural barrier down the eastern part of the Korean pininsula, thousands of young men in khaki combat uniferms, helmets and high black leather boots, pick up their automatic rifles and head for the beaches, writes Steven B. Butler.

They wil spend a lenely night inside tiny concreto bunkers waiting to catch North Korean frogmen who attempt to sneak ashore.

The soldiers are in the popular South Korean beach resort of Kyongpodae, near Kangnung, which in lata August ist still open to the public.

The teams of men work their way methodically down the beach, shovelling clean white sand into two parallel mounds that run fer kilometres down the waterfront. More soldiers follow, raking the sand smooth. They will walk the length of tha each again in the morning, looking for telltale footprints

Infiltration does not happen very often, even though South Korea has hundreds of miles of shoreline to protect. Searchlights pan the waters at night and the bark of gunfire from a nearby bunker can often be heard.

Last spring, a sharpshooting draftee opened firo on a black bulk swimming toward land. He and his buddies then hauled ashore one dead dolphin. Still suspicious, they cut open the hapless animal in an unsuccessful search for North Korean spy equipment. The soldier earned a citation for his quick thinking.

South Koreans have learned to live with intense security precautions, although it mars the scenery. Beautiful sandy beaches, broken up by dramatic rock outcroppings and high bluffs, run up and down Korea'e east coast, aleng the cool clear waters of the Sea of Japan (Koreans have not given up their campaign to have the rest of the world call it the "East Sea").

During the four-week season from mid-July to mid-August, millions of South Koreans take two or three days off from work, their only vacation for the year, and crowd on to these beaches. Vacation for Koreans, most of whom grew up in poverty, is still a new concept. They have not quite caught on te the idea yet, hot they play with an intensity that is matched only by the ferocity with which they work during the rest of the year.

As the evening descends, they give up the beaches to the army, and retreat to nearby camping grounds

By August 20, despite the burning heat, the crowds have dwindled to nothing, and soldiers have re-erected fences along most of the shoreline.

They insert white-painted stones into chinks in tho fence so the stones will fall out at the slightest bump. Just beyond the fence at intervals of a few inches, piles of small white stones wait to be toppled by a careless foot, should anyone manage to make it that far out of the water.

Gates through the fences stay open during the day for late season swimmers. But on or off season, Korea is not the pleea for a romantic star-lit stroll by the waves.

FOREIGN investment in South Korea is likely to reach about \$500m (£357m) in 1985, surpassing the official target of \$450m and the record \$419m last year, Finance Ministry officials said, Reuter reports from Seoul.

Mr Kim Young-sok, director of the Finance Ministry, said only about \$200m in foreign investment had been approved in the first eight months of 1985, against \$322m in 1984, but more than \$800m in applications were still pending.

The total is the highest since South Korea began allowing foreign investment in 1962, he added.

China port projects to be speeded up

By Robert Thomson in Peking

THREE port projects in China are to be speeded up. The move came as congestion at ports continued, with around 400 ships reportod to be waiting to unload their cargoes.

Diplomats in Peking have warned that the congestion is due to becomo much worse as the pace of trado quickens after the sumer slowdown. The move to speed up port development is, however, unlikely to provide any immediate relief.

Details of the three projects were given by the Communications Ministry which claimed that the situation at the ports has "taken a turn for the bettor." Ministry officials released details of the expansion of the three ports.

● At Hainan Island, off southern China, total port capacity is to be raised from the present 7.6m tons to 12m tons by 1990. A new deep water port is to be built on the island at Yangpu Bay, which, the Chinese hope, will eventually be able to accommodate 30,000-ton vessels.

● An international port will be built in the middle-reaches of the Yangtze river at Jiujiang, which is now the site of a domestic port.

Expansion there will cost about $30m, and is expected to start next year and be completed within two and e half years. The intention is to ship export products overseas directly from the improved port rather than transporting them to Shanghai or Guangzhou (Canton) for shipment.

● The third development is at Jinzhou harbour, in the northern province of Liaoning, where construction is expected to start in coming weeks of five berths with a total annual handling capacity of 3.75m tons. No completion date was released. Officials in tho province hope the new facility will improve the passage of oil exports from the Daqing oilfield, China's largest.

AP adds from Peking: Poland's Trade Minister said on Tuesday that his country's barter trade with China will more than triple this year to over SwFr 1.5bn (£474m). Mr Tadeusz Nestorowicz, quoted by the official Chinese news agency, Xinhua, said The figures surpasses the level agreed on by the two countries last January, when trade was targeted at SwFr 1.3bn, a 180 per cent increase over 1984.

Need for Gatt round underlined by Reagan warning

BY WILLIAM DULLFORCE IN GENEVA

PRESIDENT Ronald Reagan's warning that he would take retaliatory trade measures against Japan, the European Community and other countries which fail to come to terms over their alleged "unfair trading practices" by December 1 is seen in Gatt (General Agreement on Tariffs and Trade) headquarters as underlining the urgent need to get new multilatoral trade negotiations going.

Action by the U.S. President could also intensify the tension between the industrialised countries and some developing nations over the purpose and substance of new trade talks.

This would be particularly the case if Mr Reagan were to use Section 301 of the 1974 U.S. Trade Act, to impose restrictions on imports of goods to the U.S. in an attempt to force concessions from another country on exports of U.S. services.

The belief that the U.S. will use e new round of multilateral talks to trado make concessions on trade in goods for advantages to itself in exporting services lies at the heart of the opposition by such countries as Brazil and India.

Of the issues on which the White House says it wants action from its trade partners, two—Japanese quotas on imports of leather goods and EEC subsidies to canned fruit producers—are being dealt with under the Gatt disputes procedure.

Settlement of the loather dispute has been delayed by shifts in position by hoth Japan and the U.S. of a kind which should be understandable to U.S. lawyers accustomed to exploiting procedural rules in U.S. courts. But the Japanese now say they are ready to come to terms.

In the canned fruit case, where a Gatt disputes panel has recommendod in favour of the U.S., only foot-dragging by one or two Community countries is understood to be preventing the EEC Commission from accepting the outcome in the Gatt council.

Other trade issues raised by Washington as ripe for concessions have implications beyond the present scope of Gatt. The Americans' drive to force South Korea to oase its restrictions on foreign insurance companies concerns trade in services which are not covered by Gatt rules.

The U.S. attack on Brazilian restrictions against foreign computer imports looks like an attempt to force the issue on trade in high technology goods which Washington also wants to be on the agenda of a new round.

Both these cases break out of Gatt's existing fabric. They express U.S. impatience with the constraints of the present Gatt structure but, Gatt officials insist, cannot be read as exposing any failure in the Gatt process for resolving disputes.

More than 50 disputes have been successfully settled by the Gatt procedure of referring them to panels of experts, which then make recommendations to the Gatt council. The panels have only advisory roles.

On the other hand there is considerable understanding within Gatt of U.S. frustration in getting disputes with the EEC over trade in agricultural products settled. The problem here is that Gatt cover on farm products, because of the strong reservations on the matter by many countries, is incomplete and its rules are imprecise.

In the quarrel over wheat exports, for instance, where the U.S. claims that EEC subsidies are winning it an inequitable share of world trade, the Gatt panel was in effect asked to define what a "fair share" of the market was and to what extent an increased share was caused by subsidies or by marketing skills.

On the agricultural side so many rules have been left deliberately imprecise when originally formulated—which could be reason enough for reformulating somo of them in a new round of talks.

The Sonth Korean Government has said that it "deeply regrets" President Ronald Reagan's decision to launch an unfair trade practices investigation against the Korean insurance industry, Steven B. Butler reports from Seoul.

The muted response gave no clue as to whether Korea would speed-up its own schedule for opening the domestic industry to foreign competition. In the past, South Korea has resisted unilateral pressures to reduce restrictions in specific industries or products, especially when a fledgling local industry is at stake.

The Government had planned to begin liberalising the fire insurance industry in 1986, and following that the life insurance business.

In the early 1980s, the Korean Government, largely on its own initiative, began to implement a wide-ranging, phased liberalisation of domestic markets to outside competition. The programme has recently come under sharp attack from domestic business groaps and from the political opposition, which argue the liberalisation is being undertaken too quickly.

Plan urged for cutback in Europe's truck output

By Kenneth Gooding in Frankfurt

A CALL for European governments to co-ordinate a steady reduction in European truck production capacity as manufacturers are forced to move assembly to developing countries over the next 10 years, was made yesterday by Mr Aart van der Padt, chairman of DAF Trucks.

"By giving active assistance with starting-up industries and transferring know-how Europe will remain of great importance to those developing countries," he said during the run up to the Frankfurt Motor Show.

He admitted it would be a laborious process but a useful start could be made if two or three European countries came to such an arrangement.

For example, the countries in which DAF has its factories, Holland and Belgium, could jointly "adopt" a country in Africa and, in co-operation with other industries, contribute the know-how and resources for the construction of a proper network of roads and the development of a local transport equipment industry.

"The best way to develop a country is to open it up. It is tho duty of industrialised society to make the Third World a partner in the total economic process.

"Only in this way will it be possible to develop such countries into fully-fledged economic ptrtnres, a situation that would benefit both those countries and Europe."

Mr van der Padt said DAF would produce more than 14,000 vehicles this year against 13,645 in 1984, and 15,000 in 1986.

Keiran Cooke on why Indonesia hopes to reverse the decline of Japanese investments

Japan gives Jakarta planners a $360m fillip

INDONESIA'S economic planners pondering the dramatic decline in Japanese investment in their country are duc to receive a mnch-needed fillip this week.

The visit of a high-powered Indonesian trade and investment delegation to Japan is aet to culminate in the signing of $360m worth of joint venture contracts with tho Japanese. Tho deals include a petrochemical plant, a diesel engine manufacturing facility and a plant to make compressors, although work on some of the projects may not start for somo time.

Since tho development-orientated Indonesian Government of President Suharto came to power in the late 1960s, Japan has heen by far the biggest investor in Indonesia and in most years Indonesia has been the major recipient of Japan's overseas investment funds.

From 1969 until tho end of last year Japan had cumulative investments in Indonesia of about $5bn (£3.8bn) compared with tho U.S., which was ranked second with $1.83bn committed over the same period.

Last year, Hong Kong was tho biggest investor in Indonesia: most of the funds are believed to be reinvested capital from Indonesian-owned holding companies in Hong Kong.

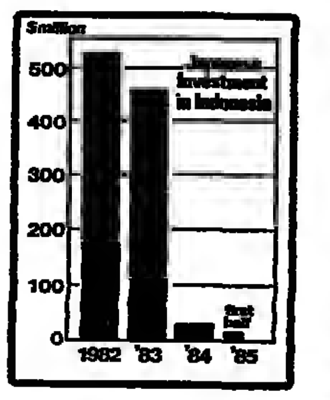
Japanese investments have plumetted recently from $532m in 1982 to $458m in 1983 to $31m last year.

The Indonesian delegation in Tokyo, led by Mr Sumarlin, the Minister of Planning, and Mr Ginandjar Kartasasmita, the Minister responsiblo for investment, said bofore they left Jakarta that they would inform the Japanese of their concern at the investment downturn.

One of the reasons for the decline is that over tha past two years Japanese companies have been attracted by high interest rates and buoyant growth in tho U.S. and, to a lesser extent, in Europo.

In addition, increasing friction over the U.S.-Japan trade imbalance has stimulated Japanese investments in North America and so channolled funds away from countries snch as Indonesia.

The domestic market in Indonesia, to which most of the more than 250 Japanese-Indonesian joint venture companies have geared their activities, is in recession, mainly becanse of the downturn in revenues from the country's vital oil sector. In the automobile industry, in which Japanese companies have an overwhelming presence, demand has dropped by more than 50 per cent in the last year.



Japanese investors, who havo participated in most of Indonesia'a big development projects —from the building of fertiliser and liquefied natural gas terminals to constructing an alumina refinery—have been hit hy cnt backs in several Indonesian development projects.

The Japanese have also been showing an increasing tendency to focus more attention on China.

Mr Toshihiko Kinoshita, a Japanese banker with long experience in Indonesia, described what was happening as not just e cyclical downturn in Japanese investment in Indonesia hut "a structural slump." He said that few Japanese companies operating in Indonesia were making money.

Mr Kinoshita added that red tape regulations on ownership and increasing competition in most sectors from local companies, made Indonesia unattractive for either domestic or export-orientated investment.

Many Japanese companies, he said, had gone bankrupt, while others had packed up and returned home. Some Indonesian officials have accused Japanese investors of deserting the country, having made substantial profits from the domestic market during the oil boom years of the 1970s.

Japan, they claim has benefited enormously from its involvement in Indonesia over tho past 15 years: they also say that the Japanese have been allowed greater access to the Indonesia market than anyono else, a point which has often angered local manufacturers and other foreign investors.

Indonesia is not only concerned about the changing dirоction of Japan's investment, but it also feels that Japan is reneging on trade commitments, particularly on buying its oil which accounts for more than 60 per cent of total export earnings.

Over the past 12 months, Japan has been buying more oil on the spot market from non-Opec members like China. This has hurt Indonesia, which exports about 50 per cent of its oil to Japan.

Mr Kartasasmita, speaking before he left for Tokyo, said Indonesia had always been a reliable and loyal supplier of oil to Japan.

"Indonesia did not desert Japan during the oil shock in the late 1970s. Japan, therefore, is expected to show similar solidarity when Indonesia is facing difficulties in marketing its oil."

Another point of contention between tho two countries is over plywood. Indonesia is angry that Japan still places a higher import duty on Indonesian plywood, a vital non-oil and gas export, than imports from the U.S.

On a recent visit to Indonesia a Japanese minister described investment and trade partnerships between Indonesia and Japan as being "liko a pipelino of good will that links us." Tho pipeline shows increasing signs of drying up.

PKbanken signs Soviet Ecu accord

By David Brown in Stockholm

SWEDEN'S state-owned commercial bank, PKbanken, has become the country's second financial institution to sign a framework agreement with the Soviet Bank for Foreign Trade to provide Ecu-denominated financing, for the export of Swedish capital goods.

Agreement on the Ecu 200m (£115m) facility follows an intergovernmental protocol on Soviet-Swedish trade, signed earlier this year in which Moscow agreed in principle to pay for its purchases in the European currency unit. This followed strong pressure from tho Government in Stockholm which was concerned that relatively high Krona interest rates had pnt Swedish exporters at a competitive disadvantage on the Soviet market.

Total Swedish exports to tho Soviet Union were valued at SKr 2.3bn (£204m) last year, but bank sources expect this figure to increase in 1985.

The terms of the PKbanken deal call for a 7.5 per cent interest rate on five-year credits and a 7.8 per cent rate on longer term loans, of np to eight years.

Svenska Handelsbanken signed a similar agreement with the Soviet bank several weeks ago. Skandinaviska Enskilda Banken, Sweden's largest commercial bank, is understood to be in the final phases of negotiation.

Nissan in U.S. truck talks

Nissan Diesel is nogotiating to supply trucks to International Harvester of the U.S., a company spokesman said, Reuter reports from Tokyo.

Nissan Diesel chairman Mr Takashige Matsuyama and presidont Mr Isamu Kawai have beon in the U.S. since September 7 for talks with International Harvester hut a company spokesman declined to give dotails of negotiations.

The company is expected to supply eight-ton trucks to International Harvester early next year, eventually raising exports to 3,000 a year, and to sell its truck prodnction technology, industry sources said.

Nissan Diesel exports 17,000 trucks a year to South-East Asia, tho Middle East, Australia and New Zealand but none to the U.S.

Hungary seeks Japanese aid for five-year plan

BY PATRICK BLUM IN VIENNA

MR GYORGY LAZAR, the Hungarian Prime Minister, due in Japan for an official visit later this week will be seeking Japanese financial and industrial assistance for Hungary's next five-year plan, according to MTI, the Hungarian news agency.

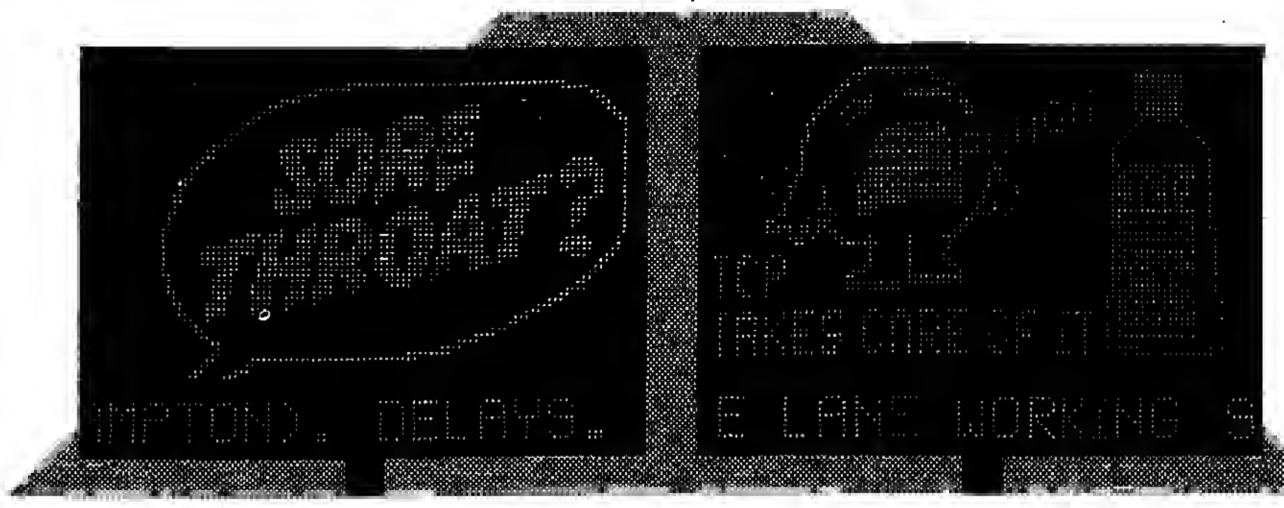
Japanese banks have already said they intend to provide more loans and credits to Hungary, tho agency says. The visit, the highest ranking contacts between the two countries since diplomatic relations were re-established in 1959, is being billed in Budapest as an important step in strengthening economic ties between the two countries and in building up the East-West dialogue.

The Hungarians, disappointed in their hopes for a closer relationship with tho European Community, are placing high hopes on Mr Lazar's visit.

It is hoped that Japan will play a more important role in helping Hungary to modernise and develop its industries during the next five year plan

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ



Two elements of an ad at Toddington, on the M1 motorway

Billboards on the move

Feona McEwan on outdoor advertising

IT IS time to kill the old jibe, oft quoted, that the biggest recent advance in the outdoor advertising industry has been the move from wooden to aluminium ladders. Now, in a move that brings the medium bang up to date, billboards are *going electronic. For advertisers* this means a new dimension to an old medium.

It may be early days yet in Europe for these "electronic blackboards" — microprocessor controlled display systems for outdoor nse have emerged only in the last couple of years. But the potential of all-weather, moving messages complete with pictures, albeit of the cartoon kind, is already tantalising the adventurous advertiser.

One company at the forefront of developments in the UK is the IGG Group which manufactures its electronic display Elite systems and, through its Communications arm, markets them at home and abroad. The group believes it is the first UK company to offer outdoor systems for commercial use.

Moving outdoor displays will be familiar enough to football fans who have grown used to the animated characters that greet every goal scored. What's new is the facility for advertisers to relay outdoor messages in electronic motion.

America is more well versed in the medium (see the gigantic tableau in Times Square, New York) even if the technology is different (the bulbs which make up the displays are bigger and the overall scale that would dwarf smaller European cityscapes). In Japan, Mitsubishi and Panasonic are active in the field. But they are perhaps known known for their giant outdoor television screens (at Olympic Games and other sporting events) which, for all their sophisticated colour fidelity and picture quality are unacceptably expensive to run for most independent commercial operators.

Recently passers-by at the M1 motorway service station at Toddington, reputed to be Europe's busiest, and in Belfast's central Shaftesbury Avenue, have been seen staring upwards as messages are beamed down to them. But the diet is not purely unleavened commercials (though these fund the display). At the base of the board runs a continuous stream of news, a public information service, which might be headlines, sporting or financial items or traffic information (as in Toddington). "The news acts as a hook for the viewer, which ensures that the ads are seen," explains Peter Dowling, of IGG Electronics.

While it is the outdoor Elite systems that are IGG's most recent development, the company has been manufacturing *indoor moving message displays* for more than 10 years.

Indoor systems are now widely used in tube stations, universities, airports, banks and retail outlets (IGG reckons that, as far as it can judge, it has about 50 per cent of the retail market of some 4,000 to 5,000 displays around Britain).

Shortly, a number of independent chemists in the TVS television area of England will be experimenting with in-store moving message displays, carrying advertising as well as the retailer's own messages.

The electronic blackboard is based on advances in the lamp, its basic component, along with more refined computer programming. The result, says Richard Howard Jones, sales and marketing director of IGG Electronics, is better definition to the animation (more bulbs to tha square foot) giving finer detail, longer life and an unending variety of display, which changes automatically. Sizes and shapes of the displays vary enormously but tend to be about 7 ft high and 12 ft wide, with a 1 ft newsline. The public information service is supplied by a direct link via IGG to the Oracle teletext service.

Three of the sites already working show the commercial possibilities. In Belfast, the company which runs tha site, Scanner-vision reports success despite early resistance from some quarters. "Some people said the sign would cause accidents . . ." says managing director Graham Slane. Some four months later, and no accident to date, local fears appear to be unfounded. Even the local police superintendent has written to say he believes it has brightened np the area, and slowed up traffic. Planners, too, are keen on the idea says Slane. "With so many fixed billboards now in Belfast as a result of the troubles (some are covering damaged areas) and the city renovation programme, they are sick of boards and feel this cleans the place up. They like the fact that it is also a public information service."

A survey conducted by accountants Coopers & Lybrand among Belfast passers-by found 93 per cent of the 2,500 asked thought it a good idea, with 7 per cent demurring.

Belfast already has national advertisers, including Guinness, IBM and Coca-Cola, signed up for a year as well as others like Peugeot, Ford, Midland Bank, Belfast Car Ferries, Grand Opera House, and many of them book on a weekly basis. The cost is between £150 and £200 for a 20-second ad which is repeated every six minutes, runs for 24 hours a day and is seen by soma 535,000 people a week. Scannervision is now planning a second site in Belfast end one in Dublin's O'Connell Street.

In Toddington, where a possible 5m motorists and passengers a year can view the sign, Austin Rover was quick off the mark and Granadaphone is currently running a sales promotion message to signal an on-site promotion of its carphones.

In Gothenburg, Sweden, another company called Willard Scannervision, also reports a warm reception to its electronic blackboard. Leif Klatzkow, *managing director, speaks of* interest from ferry companies, banks, supermarkets, advertising agencies, and the local newspaper whose headlines the board carries every morning. "In four months we've had over 60 advertisers and a lot of them coming back for more," he says. About 300,000 people a day see this display. Now the company is planning sites in Copenhagen, Oslo, Helsinki, Stockholm.

Closer to home, IGG says that within the next two years electronic outdoor sites can be expected in London, Birmingham, Milton Keynes, Leicester, Nottingham, Manchester and Leeds.

Testing time for a market strategy

BY DAVID CHURCHILL

"LONDON'S liveliest store," claims the advertising theme of the Underwood chemist and toiletries chain. In marketing terms, though, the group has a dilemma.

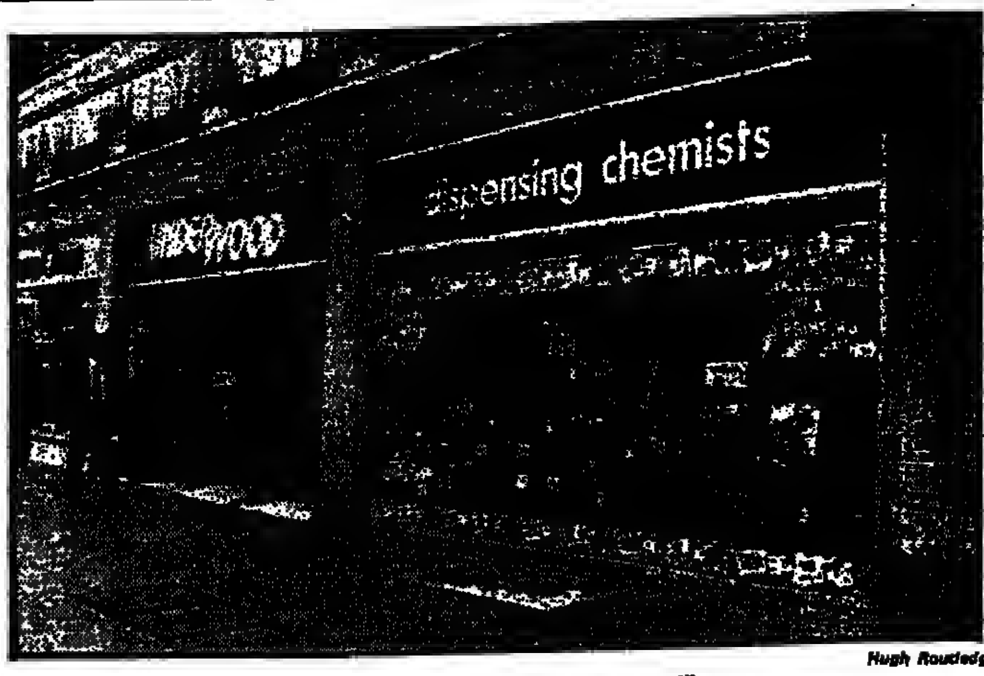
Its marketing strategy since the beginning of this decade has been based on an opportunistic expansion in central London through grabbing every vacant and suitable site and then offering e range of personal products, including watches and electrical goods, which appeal to a large transient population.

But Underwood is now looking to expand its operations—financed by a possible full Stock Market quotation later this year—into the London suburbs and large towns in the South-East. The question is whether the marketing strategy that works in central London can be equally as successful in places where office workers and tourists do not form the bulk of the customer base. Also will Underwood be so effective when ranged against stiff competition from the Boots chain, which has a relatively low penetration of trading in central London but enjoys a strong position throughout much of the UK outside the capital.

The man facing this dilemma is Brian Kerner, Underwood's managing director, who has been with the company for the past 25 years. Until the end of the 1970s, the company was only a fairly modest sized London retailer with 20 shops. However, Kerner believed that the onset of the 1979 recession was an opportunity for the company to carve oot a marketing nicbe for itself.

"We realised that the recession would lead to a shake-up in retailing, especially in such competitive areas as central London," ha explains. "So we concentrated on building up a management team and good systems, especially stock control, to take advantage of the upturn wben it came."

When the upturn came—helped in central London by the return of the tourist trade—Kerner embarked on the expansion which bas seen the chain grow to 40 stores within three years and expected profits of over £2m in the current year on sales of more than £20m.



Hugh Routledge

Underwood: a classic case of saturation retailing

Underwood's policy of acquiring good retail sites as and when they became available, has resulted in a classic case of saturation retailing—a concept that forces consumers to take note of a marketing offer simply because they cannot avoid noticing a store every 200 yards or so.

Walk down London's bustling Tottenham Court Road—or a number of other famous central London thoroughfares — and Underwood will have several stores close together.

Kerner, a soft-spoken pharmacist by training, says that saturation retailing was not initially part of the strategy. "It was largely as a result of historical accident that we had a number of shops closely grouped together," he explains. "Our biggest problem is finding the right site available at the right price and at the right time." When all these factors come together, be snaps up the site irrespective of bow close it is to an existing store. "Where we have done this, however, there has been no loss of trada in our nearby stores—in fact, sometimes they have done even better as a result of people being more aware of us in the locality."

He does not envisage a similar approach being adopted when expanding into the suburbs or towns such as Reading, Oxford and Bath. The aim then will be to follow a more traditional retail strategy of site identification and customer flow—putting stores where most Underwood customers are likely to shop.

Kerner maintains that Underwood has a broad-based consumer appeal in central London and its success is not just a function of the tourist boom in the capital. But be admits that part of its attraction in London is that it is e convenience store. "We've found that central London shoppers really don't want to walk very far to buy small items," he says.

This view is confirmed by John Richards, a leading retail analyst with stockbrokers Wood Mackenzie. "Underwood is probably one of the few genuine UK convenience stores and could in many respects be characterised as a softer, more female-orientated Dixons," he comments.

However, Kerner believes that Underwood's key marketing attractions when it expands into the suburbs or provincial towns will be its merchandise range and service levels rather than its convenience.

Merchandising in Underwood branches involves offering e wide range of branded products. "We try to do everything credibly," explains Kerner. "But we do not want the store looking like a bazaar."

For example, a complete range of watches is offered costing not only a few pounds but also several hundred pounds or more. The aim is to attract those customers who may be deterred from shopping in a specialist retailer—Dixons, for example—or in a large department store.

While the overall product range extends to some 20,000 different items, the actual range stocked in each store is much smaller since the merchandise is based on what sells well in a particular locality. Annual sales per square foot average out at about £500, considerably higher than for large chain stores.

"People prefer to buy from us because we sell them goods in a friendly atmosphere without any high-pressure selling," he asserts. "The problem with some other High Street retailers is that when selling high-tech products, for example, the salesman often leaves customers feeling embarrassed by their lack of technical knowledge."

Kerner believes that its merchandise range and service levels will give Underwood a marketing edge when expanding eway from its traditional central London market. It can also be expected to gain other benefits away from central London, such as less shoplifting and a lower staff turnover.

Transplanting its proven marketing strategy into a different geographical market remains the central problem facing Kerner—and it is one which the City is watching anxiously in view of its pending flotation.

Wood MacKenzie's Richards believes that "the Underwood formula can be successfully transplanted elsewhere and that the management have the necessary ingredients to pose an even greater threat to Boots than they do now." If this proves true over the next 12 months, then Kerner's current dilemma may be more apparent than real.

TECHNOLOGY

EDITED BY ALAN CANE

Hugh Routledge

Checking up with Psion's POS 100 at Marks & Spencer's checkout

M & S in checkout changes

REPORTS BY ALAN CANE

REGULAR CUSTOMERS of Marks & Spencer's 265 stores in the UK will by now by familiar with the small black box which sits, firmly attached by a Velcro pad, to each pair of cash registers.

If they are among the almost one million people who hold an M&S chargecard they will have even better reason to know. Each time a chargecard is presented at a till, the cashier "swipes" the card through a special reader attached to the black box. Valid cards provoke no response. Stolen or faked cards set off a loud alarm and a message advising the cashier to call for a supervisor.

> ‘There had to be an adequate way of checking the validity of chargecards’

The small black box is a modified version of a personal computer, the "Organiser," developed by Psion, a UK-based software house which made its name writing sophisticated games software for Sir Clive Sinclair's home computers.

The appearance of the Psion Organiser in M&S stores indicates the cautious, cost-conscious approach which one of the UK's best-managed retail groups is taking to electronic point of sale or EPOS, which system involves substituting a network of electronic devices for cash registers. These devices not only record transactions involving cash and cheques but also check that charge cards are valid and provide management information.

M & S introduced the Psion Organiser (now picked out in new livery and called the POS100) as a cost effective answer to credit card validation nationwide in April this year; this week it announces a further careful but significant step towards EPOS. From the middle of October, all its cash register POS100s will be used for looking up prices at the point of sale.

Nationwide, M&S carries about 150,000 separate items of merchandise. So far cashiers have had to rely on written price lists made up into a plastic covered 260-page document kept beside each till.

With the POS100, all they have to do is key in the product code and within one tenth of a second, the price is displayed on the device's liquid crystal display screen.

M&S has so far contracted to spend about £1.5m with Psion on hardware, software and staff training for the card validation and price look up system. Mr Paul Kallett, M&S retail systems manager says: "It is very cost-effective."

Psion designed and marketed the Organiser as a pocket computer specially suited to data storage and retrieval. It envisaged people buying them to store names, addresses, telephone numbers and other such information. The information is stored in a data cartridge which plugs into the back of the device.

M&S became interested in Psion when it decided to launch its own chargecard. It had to have an adequate validation method, but existing techniques involving telecommunications links to remote computers were expensive and time-consuming to put into place. "The cost of on-line credit validation is colossal," says Mr Kellett. M&S and Psion built the validation system in four months; price look up was in test sites after a further month.

The amount of information which had to be stored at each till was massive. The industry believes that about 1 per cent of cards will be stolen, forged or held by a bad debtor at any one time.

That meant that about 20,000 had to be stored at each point of sale in a form enabling easy matching with the number on a proferred card if the scheme was to be really secure. That represented almost 100,000 bits (binary digits) of data.

In the latest scheme for price look up, a similar matching job is necessary for all 150,000 stock lines.

Psion used two key technologies to solve the problem and win the contract.

● Sophisticated methods of compressing data into a much smaller space than anyone could have believed possible. Psion's experience in games software made all the difference here.

> ‘Psion used two technologies to solve the problem and win the contract’

Mr Potter says: "All data has structure and that is the secret." He describes Psion's technique as a method of indexing common parts of words so they need be stored only once.

● The march of chip technology. The POS100 fitted for both card validation and price look up uses, perhaps for the first time commercially, a chip storing 64,000 bits of data which can be rewritten many times. It is called an electrically erasable programmable read only memory (E²PROM).

Prices and hot card lists are prepared at M&S headquarters each week on an IBM personal computer. The data is used to make a master copy of the memory chip which can then be duplicated many times using a chip copier devised by Psion. Copies are sent through the M&S internal mail to all stores every morning and each store uses the Psion copier to make enough cartridges for its own tills — about 5,000 across the country. Amendments to the list are added daily.

So far, Mr Kellett claims, not one bit of data has been lost.

Clever cash tills set for boom

International Data Corporation predicts that the market for electronic point of sale equipment is entering a rapid growth period

THE MARKET for electronic point of sale equipment (epos) is set to grow dramatically over the next five years but there will be few business opportunities for companies which have not already established themselves in the field.

This is the chief conclusion of a new study by the market research consultancy International Data Corporation (IDC).

The study, based on an analysis of 2,768 companies in retail and wholesale, shows that most believe the key growth years will be 1986 and 1987.

Most retailers think that electronic funds transfer at the point of sale (eft/pos) will be established in the UK by that time and that it will boost opportunities for suppliers of epos equipment.

Epos and eft/pos are the key technologies which are behind moves towards the "cashless society" and greater efficiency in retailing and wholesaling.

Epos implies the replacement of today's cash registers with electronic devices which handle ordinary cash transactions but will also provide price look up capability, credit card validation and store trading information in a form in which it can be used to provide simple management reports.

The epos devices can stand alone but are more likely to be connected together into a network with an in-store computer providing the processing power and acting as a switch to the company's headquarters mainframe.

Eft/pos means a further stage in the process where the point of sale terminal is not only connected to the store computer but also to the store's bank and to the customer's bank so that transactions can be settled instantaneously, with funds moving electronically from bank account to bank account.

Many of the larger stores are already experimenting with Epos. Marks & Spencer, for example, has a number of trials in progress although its first nationwide steps in Epos have been limited to card validation and price look up (see accompanying article).

The clearing banks are committed to a prototype Eft/pos system which should go live in the next two years.

The chief delaying factors so far are cost and inertia. Epos systems are expensive and eft/pos arrangements more so. It is not yet clear who will pay for eft/pos, but Epos is clearly the responsibility of the retailers and wholesalers.

IDC estimates there are only 25,700 Epos terminals in action in the country at the present time but that the figure will grow to 290,000 by 1990. Even then, penetration will be only 40 per cent.

Mr Bernard Chudy, the author of the IDC study, says the survey figures show that the UK is likely to follow the U.S. in adopting epos, but with a delay of about five or six years. Epos sales are already starting to flatten out in the U.S., he says, but the plateau is not expected in the UK until after 1988.

More than 50 per cent of the growth in the market will come from existing accounts, which are chiefly the larger companies. It means that most of the business will be collared by companies which have already installed equipment in the organisations, chiefly IBM, NCR, ICL and Data Terminal Systems (DTS).

IBM, for example, has 32.3 per cent of the epos units installed by value, with NCR in second place at 21.3 per cent.

It seems then, that the door is already closed to vendors new in the marketplace although there will certainly be specialised markets to be exploited.

Only 2 per cent of food retailing outlets have epos terminals at present, for example, but the IDC study suggests that this will rise to 75 per cent by 1990.

Similarly, only 3 per cent of general grocery cash points are equipped with epos now, but this is expected to rise to 78 per cent by the same year.

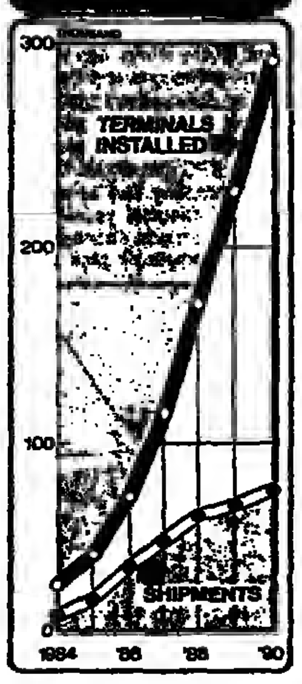
Other areas where much of the growth is expected include off-licences (chiefly through initiatives from the large chains), do-it-yourself outlets and department stores.

An important factor will be the falling cost of epos equipment.

A typical terminal costs about £3,200 today and can cost more than £5,000 depending on the facilities provided.

Typically, the cost is expected to fall to £2,200 a terminal by 1990—still a significant outlay for organisations with hundreds of thousands of cash-points.

The study "Compustat" will be available shortly from IDC (01-995 8082) at a cost of £2,000.



EPOS UNITS INSTALLED AND SHIPMENT BY VENDORS

	IBM	NCB	DTS	ICL	RTC	RIVA	TEM	NIXDORF	OMRON	OTHER	TOTAL
Units installed	8,257	4,809	3,283	2,085	1,743	1,559	868	700	594	1,792	25,689
	32.1%	18.7%	12.8%	8.1%	6.8%	6.1%	3.4%	2.7%	2.3%	7.0%	100.0%
Value of units	25.2	16.6	10.9	5.0	5.8	3.1	2.7	2.4	1.2	5.2	78.0
installed £m	32.3%	21.3%	13.8%	6.4%	7.4%	3.9%	3.4%	3.1%	1.5%	6.7%	100.0%
Average value of units installed £K	3.1	3.5	3.3	2.4	3.3	2.0	3.1	3.4	2.0	2.9	3.0
Units shipped in	1,805	1,166	1,410	350	538	1,315	237	700	51	819	8,370
last 12 months	21.6%	13.9%	16.8%	4.2%	6.4%	15.7%	2.8%	8.4%	0.4%	9.8%	100.0%
Value of units	5.5	4.0	4.3	1.1	2.0	2.7	0.7	2.4	0.0	2.3	25.0
shipped £m	22.1%	16.0%	17.1%	4.4%	8.0%	11.0%	2.8%	9.5%	0.1%	9.1%	100.0%
Average value of units shipped £K	3.1	3.4	3.0	3.1	3.7	2.1	3.0	3.4	1.2	2.8	3.0

Source: IDC

Spending on torpedoes 'gives poor value'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S torpedo programme has provided poor value from the large resources invested in it, the influential Public Accounts Committee (PAC) of the House of Commons reported yesterday.

The PAC noted that more than £5bn would by the mid-1990s have been invested by the Government in three torpedoes, one of which was still not working properly after 25 years. Of the others, one was not yet in full production and the other was facing development troubles.

Britain's sole supplier of torpedoes is Marconi Underwater Systems. The PAC questioned the fact that the company had apparently suffered no financial penalties on its torpedo contracts, although it accepted the company's plea that it was hamstrung by having responsibility only for the torpedoes rather than for the total torpedo weapon system.

The committee also noted thet while the Ministry of Defence (MoD) tried to streamline its own management of the torpedo projects, it had not yet settled on the most effective arrangements. It had inadequate information on contracts and cost data.

The PAC said it was "dismayed at the poor value for money which has been obtained in the past from the surprisingly large resources invested in torpedo development."

Total estimated costs up to the mid-1990s of the three current projects were more than £5bn at 1984 constant prices, it said.

The three projects were the Tigerfish or Mark 24 heavyweight torpedo, designed as the Royal Navy's main submarine weapon; the Sting Ray, a new lightweight torpedo; and Spearfish, a replacement for Tigerfish.

Development of Tigerfish began within the Defence Ministry in 1959. It was intended for service in 1967. A more limited version of the torpedo was finally produced in 1974 but was not accepted by the navy until 1979.

Marconi took over the torpedo in 1972 but, according to the PAC, the biggest problem – fragmentation of the project's managements between the company and the MoD – was not identified until 1982. A consolidation programme for the weapon had now been agreed with the company. That was "expected to lead" to a "usable system for the navy" until Spearfish was complete.

Marconi won the Spearfish contract against U.S. competition in 1981. The MoD believes the weapon – being developed under a fixed-price contract – was generally on schedule but, because there had been "some problems," it was not able to say whether it would arrive on time.

Sting Ray, designed within the MoD but developed by industry, was deployed in small numbers in the Falklands campaign, with the first production batch being delivered on time and to cost in 1983.

However, the main production contract was now overdue and the PAC questioned "the wisdom of proceeding with a main production order before all the development problems have been solved."

The MoD's view was that the problems were being overcome. The PAC welcomed the MoD's intention to negotiate a large first main production order with unit prices well below those possible for a series of smaller contracts.

28th report from the PAC 1985–85. The Torpedo Programme, HMSO £3.50.

● MEL Crawley, a division of Philips Electronic and Associated Industries, has won a £30m contract from the Defence Ministry to supply electronic support measures equipment for navy submarines.

Shell and Esso to spend £640m on unmanned platform

BY DOMINIC LAWSON

SHELL AND ESSO have agreed to spend £640m on the first oil production platform in the North Sea designed for unmanned operation.

The platform will extract 85m barrels of oil from the Eider field, which lies in 518ft of water 117 miles north-east of Shetland.

Eider will be the smallest oilfield to be developed by the Shell Esso 50/50 North Sea partnership, and is made economic only by the use of the novel unmanned method, dubbed by Shell the composite satellite platform concept.

A more traditional method of development would have cost an extra £100m, according to Shell.

The first stage of processing up to 45,000 barrels a day of crude oil will take place in Eider. The partly processed oil will then go by pipeline to the North Cormorant oilfield platform, nearly eight miles to the south, for final treatment. North Cormorant will have sufficient spare capacity because of its own natural production decline.

Soon after Eider's production starts in 1989 the field will need water injection to maintain reservoir pressure. The water will be piped from the platform of the Tern field 10 miles to the south-west. Tern is another Shell/Esso development, and is also scheduled for first oil production in 1989.

During development drilling, in 1989 and 1990, the Eider field will have a workforce on site of about 75. But after that period, the 34,500-tonne platform will be unmanned.

About £300m in contracts for the platform will be placed next year, if development approval is granted by Government. Those contracts will need a workforce of about 1,500 over two years. Orders for other services and equipment will support several thousand further jobs. Contracts worth £18m have already been placed with Matthew Hall and John Brown Offshore.

Mr Alick Buchanan-Smith, the Energy Minister, said yesterday in Aberdeen that he hoped soon to announce approval for developmeot of Eider.

Mr Buchanan-Smith also announced immediate go-ahead for the development of the Scapa field, which lies 112 miles north-east of Aberdeen. The field's operator, the U.S. oil company Occidental, said yesterday that the development would cost £150m, with over £100m worth of contracts set to be awarded to UK companies.

Scapa contains about 42m recoverable barrels of oil, and will produce at its peak 24,000 barrels a day. The oil will be extracted through a subsea facility, and then piped to Occidental's Claymore oilfield, three miles to the north-east.

Howard Doris to build oil vessel

By Mark Meredith

THE U.S. SEDCO offshore drilling company has chosen the Howard Doris fabrication yard in northern Scotland as the site to build a new design of semi-submersible oil production vessel.

Oil from the North Sea is produced largely by steel or cement platforms fixed to the seabed. But the use of semi-submersibles, valued at about £65m, is seen by some oil companies as a cheaper approach more suited to the remaining smaller marginal fields. When a field becomes exhausted, the semi-submersibles can be refloated and moved to other wells.

Hamilton Brothers, for example, uses semi-submersibles on its Argyll and Duncan fields. BP has a floating production facility on its Buchan field.

Work at the Kishorn yard of Howard Doris, an Anglo-French company, must first await an oil company order placed with Sedco. The yard, with a workforce of about 800, is working oo a £16m order for modules to go on top of Texaco's Alwyn B platform.

● Trafalgar House, the shipping and construction group, said yesterday thet it had begun talks with unions about a reduction of the workforce at its Scott Lithgow offshore yard on the Lower Clyde.

Hestair pledge on Duple

By John Griffiths

DUPLE, the loss-making, Blackpool-based, coach-making concern taken over by Hestair two years ago, should be operating profitably from next month, Mr David Hargreaves, Hestair's chairman, said yesterday.

Mr Hargreaves was speaking at the opening of the International Bus and Coach exhibition in London, the first time buses and coaches have been divorced from the main biennial motor show.

Duple lost nearly £3m in the year prior to Hestair's takeover. Since then the operation has been completely overhauled as part of a general restructuring of the Hestair Group's vehicle operations due to be completed by the end of this year. Hestair is involved in a wide range of activities from employment bureaux to toy manufacture.

Hestair's half-year results, published earlier this week, showed 1984's first-half loss before interest on its vehicle activities of £118,000 was transformed into a profit of £461,000. The major contributor was its municipal vehicles' division, whose main product is dustcarts.

The Duple takeover was criticised in the City of London and by shareholders, but Mr Hargreaves expressed optimism that a new product range displayed at the show would improve its position significantly.

Hestair has invested £1½m in a new range of three coaches, with £¾m being spent on the Integral 425, a luxury long-distance coach designed and developed since the Duple takeover.

Schiphol and Swissair are top travel choice

BY LYNTON McLAIN

SWISSAIR, Schiphol Airport and London have emerged as the favourite airline, airport and business city for the second year, according to a survey of business travellers.

Swissair was a clear winner, with 23 per cent of votes from readers of "Business Traveller" magazine. The vote was twice that given to Singapore Airlines as second-best airline. British Airways was ranked third, followed by Cathay Pacific, the Hong Kong airline.

Voters were asked which aspect of the airlines they considered most important. The quality of cabin staff was rated above food, safety, route network and scheduling, and British Caledonian, voted fifth-best airline, was "the outstanding success as far as cabin staff are concerned," the magazine said.

Lufthansa, KLM, SAS, Qantas and Thai International completed the top 10 airlines.

Schiphol Airport, Amsterdam, was voted the best airport in the world. Of European airports, lack of congestion was the main attractioo for voters followed by baggage handling.

Changi Airport, Singapore, was voted second-best airport, with Zurich third and Frankfurt-am-Main fourth. Heathrow Airport, London, the world's busiest international airport, made fifth place, with congestion its weak point.

London remained the best business city and the city with the best facilities as a conference centre.

Singapore moved from fifth place to second place as a favourite business city, but Birmingham took second place as a favourite conference centre.

The Mandarin Hotel, Hong Kong, was voted the best hotel in the world, for the second year, followed by the Shangri-La, Singapore,

Councils' plea to lift spending limit on homes

By John Hunt

A DELEGATION representing nine city councils yesterday met Mr Kenneth Baker, the new Environment Secretary, and warned him they faced a breakdown io their housing programmes as a result of government spending restrictions.

They called oo him to allow them to spend £245m of their capital housing receipts oo improving existing housing stock and building new homes.

At preseot, councils are allowed to spend only 20 per ceot of their receipts in England and 15 per cent in Wales.

The councils – from Bristol, Derby, Hull, Leicester, Nottingham, Portsmouth, Southampton, Stoke on Trent and Swansea, – told Mr Baker 44,000 pre-war council houses in their areas were in need of repair.

Thirty-six thousand homes in the private sector were unfit for human habitation and 47,000 people were oo housing waiting lists. The councils estimated that they needed about £1bn to refurbish council houses in their areas.

U.S. lawyers plan air disaster suits

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO LEGAL actions may soon be started in the U.S. as a result of last month's Manchester air disaster in which 55 passengers and crew were killed when a Boeing 737 of British Airtours caught fire on takeoff.

One action is planned jointly by Mr Arthur T. Daly, head of Philadelphia law firm Arthur Daly and Associates, and Mr Alan Michaelson, managing partner of Aaron Broader and F. Lee Bailey, a New York law firm. Both are specialists in personal-injury cases.

The second action is planned by Mr Daniel Cathcart, a Californian lawyer, and would be brought in the Los Angeles State Court.

Both teams of lawyers have been in the UK this week, discussing their plans with solicitors representing relatives of the 55 victims of the disaster.

An official of the Arthur Daly/Broader and Bailey combination said its suit would probably be filed in New York within two weeks, as a "class action" against Boeing, as the builder of the aicraft, and Pratt & Whitney (part of the United Technologies group) as builder of the JT8D-15 engine involved.

British Airways, as owner and operator of the aircraft, through its subsidiary, British Airtours, would probably also be included in the action.

The aim would be to show "product liability" – that a fault in the engines or in the aircraft, or both, directly caused the crash – and that, as a result, "punitive damages" were desirable in the public interest.

Mr Cathcart, who is planning to launch the other action, said he hoped to show negligence against Boeing for failing to make the interior of the crashed aircraft safe for passengers.

"This will be a test case," he said.

The cause of the Manchester accident is still being investigated by the Accidents Investigation Branch of the Department of Transport, and its report is not expected for some months. That document, when available, might be vital to the legal actions now contemplated.

In any event, the actions might take a long time to settle. Some previous class actions of this nature have taken up to two to three years.

Management of Molins plans £50m buyout

BY CHARLES BATCHELOR

THE MANAGEMENT of Molins, one of the world's leading makers of cigarette manufacturing machinery, plans to offer up to £50m for the company in the first management buyout of this kind in the UK.

The five-man board of executive directors, headed by Mr Christopher Ross, managing director, announced yesterday that a consortium of mainly UK institutions was arranging the financing needed to make a firm proposal.

Molins has undergone a painful restructuring over the past 18 months, making nearly 1,000 of its 3,750 workforce redundant. Pre-tax profits fell to £6m in the year ended December on turnover of £133.5m.

A 9p rise in Molins's share price in the first two days of the week forced the company's board out into the open to say that a consortium offer was being prepared.

The Molins managers said they would not offer more than 170p for each Molins share. The share price shot up 36p to 188p in response to the announcement but then fell back to close 14p higher at 166p.

If an offer is made, this would be the first time that a quoted British company not facing a hostile takeover bid from a third source had been taken over by its management.

In June, Haden, a quoted engineering company, defeated a £37m takeover from Trafalgar House, Sir Nigel Broackes's shipping, construction and engineering group, by means of a £58m buyout put together by its management and a financial consortium.

J. Henry Schroder Wagg, the UK merchant bank, and Morgan Guaranty Trust, a New York investment bank, have been involved in both the Molins and the Haden buyouts.

Mr Ross said that a buyout would mean Molins no longer had to disclose details of its activities.

Its competitors, principally in West Germany and Italy, are private companies which do not disclose their business.

The buyout would also mean Molins would not have to take into account short-term stock-market considerations.

"Ours is a long-term business," he said. "It takes six or seven years to develop a new piece of machinery. Wa need an uninterrupted period to concentrate on developing our range."

Lloyd's near deal in £100m tax dispute

BY JOHN MOORE, CITY CORRESPONDENT

THE LLOYD's insurance market is close to settlement with the Inland Revenue over £100m of disputed tax liabilities.

Any settlement would end one of the most far-reaching investigations by the British tax authorities into a leading London financial institution.

Mr Ian Hay Davison, Lloyd's chief executive, said yesterday: "It would be wrong and premature to say anything at this stage about discussions with the Revenue which are continuing."

But the settlement with the Revenue, which is slowly evolving, appears to centre on a once-and-for-all payment to be made by the market's members of up to £100m for tax arrears.

The Special Investigations Unit of the Inland Revenue has been probing the affairs of Lloyd's underwriters for more than a year in an effort to trace undisclosed sums of money, which they considered should have been declared for tax purposes. The investigation followed the failure of earlier negotiations with Lloyd's on a centralised basis after the emergence of irregularities at the end of 1982.

The Revenue has been looking at schemes whereby Lloyd's underwriters have lodged money offshore in the form of premiums on reinsurance contracts. Under the schemes, the money was largely returned to the syndicates into which Lloyd's members are grouped in a later tax year. The arrangements were known as "rollover policies." Many of the "rollover policies" have now been terminated.

TV listing limits 'not against public interest'

BY RAYMOND SNODDY

PUBLISHERS yesterday criticised a Monopolies and Mergers Commission decision that the BBC and Independent Television Publications (ITP) can continue to restrict publication of advance programme listings to a 24-hour period (48 hours for Saturday issues).

The commission ruled on the casting vote of chairman Sir Godfray le Quesne, that restrictions which gave Radio Times and TV Times a monopoly over listings a week in advance was anti-competitive but not against the public interest.

The decision means Britain will remain one of the few major nations where viewers have to buy two magazines to plan their television watching in advance.

Mr Michael Storey, chairman of TV Choice, a listings magazine who took the issue to the Office of Fair Trading in 1982, said: "I think it is an abysmal comment on the Government's role in promoting freer competition".

The commission did suggest, however, that the two magazines, which have circulations of around 3.2m each, should provide information in a way more responsive to public needs.

The most important suggestion was that the BBC and ITP, owned by the ITV companies, should consider licensing publishers to print programme details for a week ahead for a reasonable fee.

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Judicial inquiry into rioting ruled out

MR DOUGLAS HURD, the Home Secretary, yesterday ruled out a judicial inquiry into the rioting on Monday and Tuesday in the Handsworth district of Birmingham.

He said the incidents were criminal acts and not social frustration. Mrs Margaret Thatcher, the Prime Minister, insisted that unemployment was not to blame.

Mr Roy Hattersley, Labour's deputy leader, said a public inquiry was vital. Mrs Shirley Williams, Social Democrat president, also called for an inquiry.

During the rioting, two Asians died in their blazing post office, £20,000 was stolen from another post office and millions of pounds' worth of damage was caused by looters and arsonists.

☐ THE SCIENCE-BASED companies, and scientists in general, should do more to explain their activities to a wider public, according to an investigation by the Royal Society.

The report, from a working party chaired by Dr Walter Bodmer, research director of the Imperial Cancer Research Fund Laboratories, urges the society, as Britain's premier learned society, to make a better public understanding of science one of its main activities.

National prosperity depends on science and technology and almost all public policy issues have scientific or technological implications, it says.

☐ CHEMICAL group Ciba-Geigy is seeking ways to avoid use of the lethal chemical methyl isocyanate, which was involved in the disaster at Union Carbide's factory in Bhopal last December, at its factory at Grimsby, Humberside.

At the time of the disaster, Ciba-Geigy's stocks of methyl isocyanate were the only bulk concentration of the chemical in the UK. The stocks were held against an order for Thiazofluron, a herbicide the company manufactures for sale in tropical countries.

☐ SWAN HUNTER'S four Tyneside shipyards have been at a standstill oow for 18 days. Indications are strong that the dispute, involving 3,500 hourly paid workers, will receive official backing.

The dispute began on August 28 after workers from the four yards decided on action in protest at management's stance on a number of issues including the disciplining of three workers for taking tea breaks away from the ships they were working on.

☐ A DURHAM University research team has accused the National Coal Board of "mismanagement" of Horden Colliery, in County Durham, and says the NCB's decision to close it will cripple the local economy and lead to "ghost towns" in the area.

The board says the pit is uneconomic and has lost £4.7m since April and £46m in the five years before the miners' strike.

☐ EDUCATION authority employers in England and Wales have finalised details of an improved pay offer to be put to the teachers' unions at a meeting of the Burnham negotiating committee.

Although the employers would make no comment, the offer is thought to be phased

☐ WE HAVE been asked by Enterprise Computers, further to articles in the Financial Times on August 20 and 21, to say that its recent change of suppliers from Welwyn Electronics to GRI of Perth, Scotland, has not resulted in any cessation or interruption of production or supply to it.

Peter Riddell, Political Editor, assesses the SDP's Torquay conference

Social Democrats gain in political confidence

THE SOCIAL Democratic Party has found itself at Torquay. After four years of introspection about whether it is a Labour Party mark 2 or a centre group aiming at disillusioned Tories, the party's own activists have ended the debate.

They made plain on Tuesday that they disliked references to previous party labels and to the left/right spectrum.

Instead, much to the delight of Dr David Owen, the SDP leader, the activists claim the party has its own Social Democratic values – combining a belief in the market economy and radical social priorities. Those cannot easily be labelled left or right. And, as Mrs Shirley Williams, the party president, has pointed out, many active Social Democrats are new to politics and do not look back to Labour Party days.

There is now a self-confidence and cohesion about the SDP that was not apparent even at its Buxton conference a year ago.

That has been reflected not only in the record attendance of about 1,400 (up from 800 at Buxton), but also in the quality of the debates. The previous faltering, pained speeches of the well-intentioned have been replaced by sharper and better-argued contributions.

There were some first-rate speeches at Torquay not only from the platform from, for example, Mr Roy Jenkins, Mr John Cartwright and Ms Sue Slipman, but also from the floor from some young and student Social Democrats.

In short, the SDP has become more political and its conference has become more like that of the other parties. But there are still distinctive features. It is not done at an SDP conference to question anyone's motives or to appear factional.

The debates still lack the passion of Labour's, yet the harmony reflects a real unity of purpose. Internal critics of too much orthodoxy, such as the Limehouse group (named after the founding statement), largely remain fringe gadflies rather than serious challengers to the leadership.

Similarly, there is no argument about the Alliance with the Liberals, which has clearly been cemented by the local election successes in May and by the recent upsurge in the opinion poll ratings.

Admittedly, there are differences between those, such as Mr Jenkins, who believe further convergence leading to an eventual merger with the Liberals is both desirable and inevitable, and those, such as Mr Mike Thomas and other allies of Dr Owen, who believe the issue should not be rushed.

But there is no dispute between them that the question is closed until after the next general election.

Moreover, the dog that did not bark at the conference (unlike the police dogs that did) was the previously troubled question of the allocation of parliamentary seats between the SDP and the Liberals. That is no longer a source of serious contention, except in a dozen or two places, after lengthy negotiations headed by Mr Bill Rodgers, for the SDP, and in view of Dr Owen's willingness to be flexible about whether there should be joint selection by members of both parties in some seats.

That is, incidentally, of some direct interest to both Mrs Williams and Mr Rodgers. Both now seem less interested in possible by-elections, anyway now a rarity. Mrs Williams is expected to put herself forward for selection at Cambridge (after turning down the Isle of Wight), while Mr Rodgers has had talks about standing at Milton Keynes, where the SDP did very well in the local election.

The other side of the cohesion is a certain smugness and lingering reluctance to face up to political choices. Policy documents and debates still feature demands for a oew programme here or there, and a new minister for this or thot, although Dr Owen has launched an internal expenditure costing exercise.

Like all parties, the SDP also tends to underestimate its opponents. For all the denigratioo of Labour, the question of how the SDP might attract the support of working-class voters in the inner cities was glossed over.

Dr Owen had a fair point yesterday in arguing that it is misleading to talk about attracting Conservative voters. Many of the people who voted Tory in 1979 and 1983 do not think of themselves as Tories. Indeed, as all the psephological evidence suggests, there has been a general decline in voter identification with political parties across the spectrum.

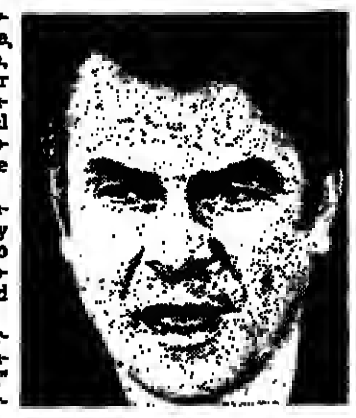
The Alliance's problem is how to broaden and solidify its own support

Editorial comment, Page 14

Owen says inflation tax would underpin voluntary pay policy

BY OUR POLITICAL EDITOR

AN SDP/LIBERAL Alliance government would back its search for a voluntary agreement on pay with, as a reserve power, legislation for an inflation tax on excessive increases, Dr David Owen, the Social Democrat leader, yesterday promised in his closing address to the SDP conference.



David Owen: called for fairness and firmness

Dr Owen strengthened his commitment to an incomes strategy since, he said, the Alliance had to convince the electorate that economic activity could be increased without fuelling inflation.

The central theme of his discursive 50-minute speech was the combination of "fairness and firmness." Speaking without notes in a low-key style deliberately aimed at the television audience, he was enthusiastically received.

Dr Owen stressed the need for a tough economic policy to check Britain's relative economic decline. He placed greater emphasis than in past conference speeches on the SDP's social and welfare policies which, he said, represented the most redistributive programme ever proposed by a British party.

He talked of the close partnership with the Liberals, but gave no indication of any willingness to compromise further on the SDP's defence policy.

The SDP leader also warned the other parties that they would have to negotiate with the Alliance if, as he expected, no one group won power outright at the next general election. Without such talks the Alliance would vote down a minority government.

Dr Owen believed that the Alliance had to be convincing about inflation with voters. He said he did not want to introduce statutory regulation of wages and would prefer voluntary agreement with the leaders both of the trade unions and of management.

The SDP argued for a tax-based incomes strategy because it did not want to go into talks without having the legitimate authority that stemmed from the authorisation of legislation by the Commons.

Dr Owen said: "Why we say we will put an inflation tax on the statute book as a reserve power is that we do not want to go back to the corporatism of the past.

"We do not want trade union barons extracting from us in other areas of policy commitments that they are sometimes in no position to demand. Nor do I want us to be in hock to industrial managers and investors in the City."

The SDP leader continued: "We need a government that can go and talk with the leverage that says, if you will not talk to us, if you will not reach a voluntary agreement, if you are not prepared to co-operate, then you will drive us to do what we would prefer not to. We will not hesitate to do otherwise, and that is to curb inflation through the tax system."

An inflation tax would penalise individual companies that paid pay rises over a specified level that was not financed through increased efficiency. Dr Owen said he wanted free collective bargaining to reflect market realities in the private sector, since companies that did well ought to be able to reward their workers.

He said it was necessary to have a strategy that linked the public and private sectors if there was going to be justice and fairness and good public services. He said he was "fed up with public squalor in the midst of private affluence."

● An amendment committing the SDP to incentives to encourage companies to buy high-technology products from EEC manufacturers, and to a system of registration to show the EEC content of such products, was endorsed by the conference on the recommendation of the platform.

Dr Colin Phipps, a former Labour MP, warned that while the policy committee was prepared to accept the amendment, the party would not put forward any measures which were protectionist. This would run counter to SDP policies.

● The Government's high pay awards to senior civil servants, judges and armed services' chiefs were strongly criticised by a series of speakers, who compared the rises with those offered to teachers and nurses.

Leyland Bus expects first-half loss

BY JOHN GRIFFITHS

LEYLAND BUS will be shown to be making continuing losses when British Leyland's first-half results are published in the next few weeks.

However, Dr Keith Lloyd, sales and marketing director, said the company remained optimistic about a successful conclusion to negotiations on a £385m, 4,500-buses contract with Bangkok's transit authority. He added that the company was making progress in the North American market.

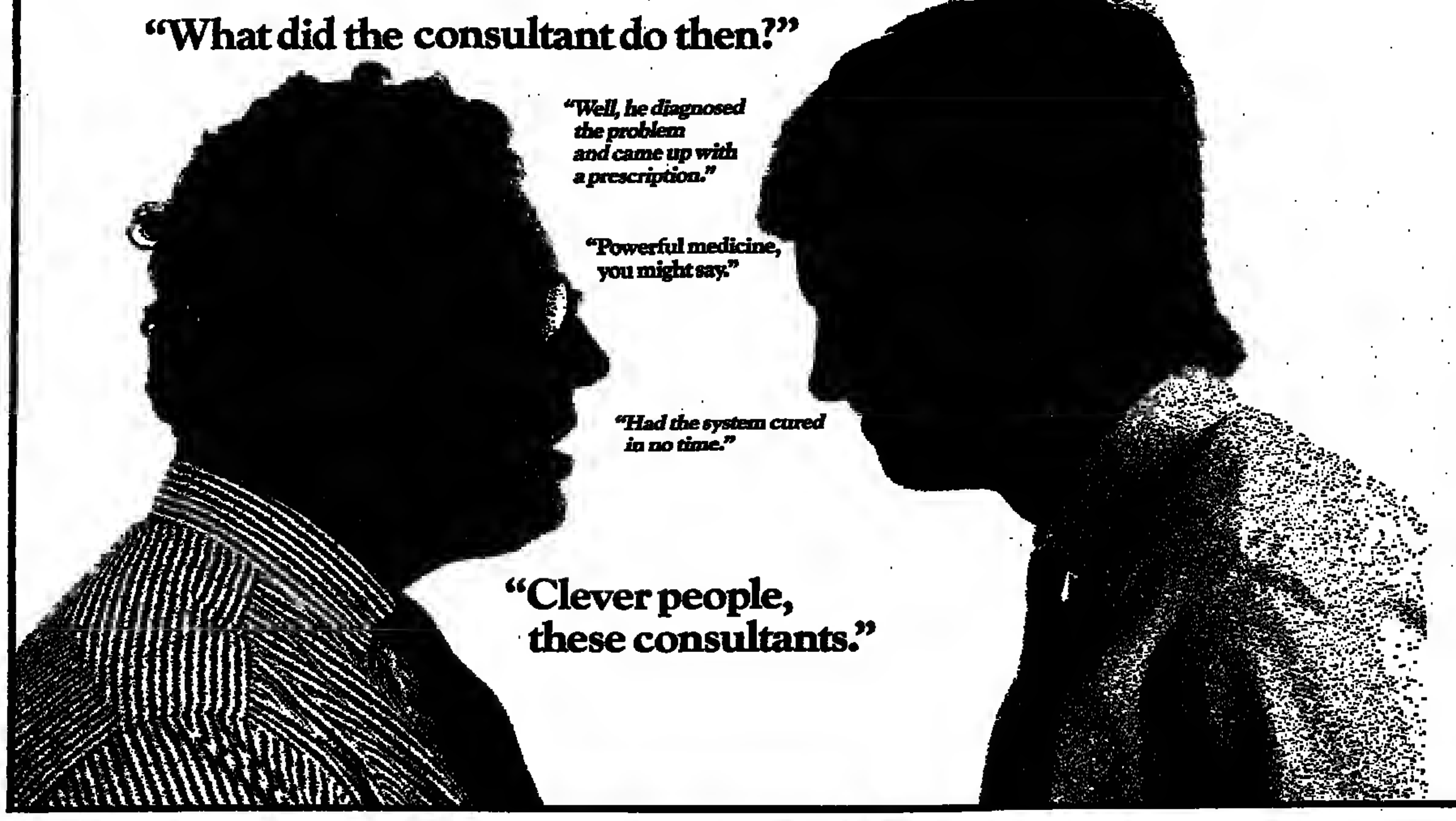
Dr Lloyd said the outlook for UK bus and coach markets remained gloomy, with only 50 single-deck and 850 double-deck deliveries to be made by all manufacturers next year.

The coach market would also continue depressed, at about 1,500 units. Combined, the figures represented a 75 per ceot fall in the bus and coach market during four years.

Export prospects were brighter, however. Leyland yesterday announced its first order from the U.S. for four Olympian double-deckers, placed by San Francisco-based Gray Line, a subsidiary of Grosvenor Bus Lines. Leyland said Grosvenor's decisioo to buy was influenced by its successful operation of a number of Leyland Atlantean double-deckers bought from New York in 1982.

Leyland has said there is a potential for some 5,000 single-decker buses to be replaced by double-deckers in the U.S.

Accountancy Appointments



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TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF
TOSHIBA CORPORATION
(FORMERLEY TOKYO SHIBAURA ELECTRIC CO.)
DESIGNATED COUPON No. 58
(Action Required on or Prior to 30th September 1985)****

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Tokyo Shibaura Electric Co., Ltd., (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan in June 1985, such stockholders approved the payment of a dividend of 4 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian, as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 236.2819 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lower tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 58 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 58. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 58.

DEPOSITARY'S AGENTS

Name	Address
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo Ltd.,	London, England.
The Bank of Tokyo Ltd.,	Paris, France.
The Bank of Tokyo Ltd.,	Brussels, Belgium.
The Bank of Tokyo Ltd.,	Frankfurt, Germany.
Pierson, Heldring & Pierson,	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro,	Rome, Italy.
Banco Nazionale del Lavoro,	Milan, Italy.
Kredietbank SA Luxembourgeoise,	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 58 from the various denominations of Receipts.

Coupon No. 58 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$0.73	$0.69
10 Depositary Shares	$7.30	$6.87
20 Depositary Shares	$14.60	$13.74
50 Depositary Shares	$36.50	$34.35
100 Depositary Shares	$73.00	$68.70

Payment in United States Dollars in respect of Coupon No. 58 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.

Dated:

Chemical Bank, as Depositary
180 Strand,
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England.

* 31st March 1985 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 58 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company shortly after 30th September 1985 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 58.

As a result, persons surrendering Coupon No. 58 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

Surrender of Talon

Coupon No. 57 is the final coupon attached to the presently outstanding receipts.

In order to obtain the additional coupons which will be required to be surrendered for dividends and distribution subsequent to the dividend with respect to Coupon No. 58 Talon No. 3 must be surrendered to the Depositary or Sub-Depositary upon the surrender of Talon No. 3 to the office of the Depositary in London or at the office of any Sub-Depositary, the Depositary will deliver, or such Sub-Depositary will obtain from the Depositary and deliver additional coupons pertaining to the same Receipt, and bearing the same serial number as the Talon surrendered.

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THE ARTS

Orpheus in the Underworld, Coliseum/David Murray

Bubble with toil, no trouble

The new English National Opera version of Offenbach's *Orpheus in the Underworld* has been a long time coming, and no effort has been *spared to make* sure that it works. It does work, even if the effort shows. Cast from strength, the large team of soloists is vigorous and stylish in varying proportions: the chorus (with extra dancers and children) is tirelessly *exuberant; and a loony comic* consistency is supplied by Gerald Scarfe's designs. Despite a pair of 20 minute intervals, the show stays safely on the boil, and all the main numbers bubble furiously.

This is the later, expanded *Orpheus*, the *opéra-féerique* rather than the smart little send-up of mythology and bourgeois *mores*. The size of the Coliseum required it, and in any case a large dose of spectacle is needed to compensate for the jokes in the original *libretto* that are obscure, dated or impossible to translate. The playwright Snoo Wilson was called in to English the text, with the producer David Pountney at his shoulder; the *result earns* maybe beta-plus, insofar as one can hear it (as usual the singers are unevenly *successful in* projecting their words). The *couplets* are goodish; more irreverent one-liners would be welcome.

The English National Opera's "Orpheus in the Underworld" Alastair Muir

The Scarfe designs come in wild profusion, deranged costumes complementing extravagant cartoon sets. The *latter are essentially flats and* drops and bits, scores of them, for the cartoon idiom dominates: quick visual jokes (with graffiti), with a new one ready to be slid on as soon as the last has earned its laugh. It would be wrong of me to give even a partial catalogue, for the funny surprises are crucial. Satire has little to do with it (though Sally Burgess's Public Opinion is made into a Thatcher-clone, for no special reason)—mildly scabrous whimsy is the style.

By luck and good judgment, the costumes—even the most cumbersome ones—do not stifle *anybody's playing.* At *opposite* godly poles, Richard Angas is a bemused, stentorian *Jupiter (taking flight boldly in* his guise as a lecherous fly), and Emile Belcourt's Pluto is a sort of *stylishly* seedy gambler. The perky Eurydice is Nan Christie, whose singing ocquired better focus as the evening went on; Orpheus is Stuart Kale, grumpy and harassed (why does he make no pretence of playing his own violin?). Miss Burgess is incisive with her music as well as making a proper moral tyrant.

The late King of Beotia is here an S-M freak, rather sweetly portrayed by Edward Byles in girdle and suspenders—and he does not waste his *song.* Cathryn Pope is a perfectly delectable Venus, her seductive soprano just as *charming as the rest of her, and* Eirian James scores brightly as an insatiable Cupid on the model of Tim Curry. Bonaventura Bottone has the time of his life as Mercury, disco-ing madly in camp silver glitter. Shelagh Squires's stalwart old Juno looks more effective than she sounds (many of her words were lost); Fiona Kimm's dashing Diana, complete with hounds, deserves cleverer verses for what was originally *the Actaeon song.*

The risk of English Offenbach is always that it will decline, sniggering, into pantomime. Pountney has just about avoided that: pantomime nudges *closest at the second-act finale*, but that—the departure of everybody for Hades—is so *riotously staged* that it *could* make the evening on its own. Some of the first act hangs fire, hampered partly by stilted translatorese: Offenbach, a good professional theatre man, would have urged them to ba more disloyally ruthless and invent soma extra japes.

At the end, the *galop infernal* is as always a grand can-can, *but it is assigned—for the sake* of energy and dash—to the keen dance troupe, who duly do their nut. There, as throughout the operetta, the conductor Mark Elder keeps a nice edge on tha score; there is a lot of manifest affection for Offenbach in this producton, the best insur*ance against letting the show* turn into a shivaree. For the clarity and lightness of French *operetta delivery there is* really no English substitote, but this *Orpheus* has more than enough *mischief* and bounce to keep the Coliseum happily full for many evenings.

New administrator for SNO

Mr Stephen Carpenter, 28, is leaving the Scottish Chamber Orchestra to become general administrator of the Scottish National Orchestra. He said that his main priority is to increase sponsorship for the orchestra.

Auto Da Fe/Riverside Studios

Michael Coveney

The Polish Theatre of the Eighth Day company stopped off at the Riverside Studios over the weekend on route from Edinburgh to *Norwich, Birmingham* and a Welsh tour starting at the Chapter Arts in Cardiff next Sunday. *Auto Da Fe*, based on a novel by Tadeusz Konwicki, is a seathing, nightmarish attack on the Soviet presence in Poland. A toy tank flying a red flag bulldozes through a scattered bunch of artificial flowers. A dissolute dissident lies flat on a table among his empty bottles. He is *roused and* lold he must be burnt to death in front of the Central Committee of the Party.

While half the company performs *this play* in Poland, the six members travelling through Europe are risking their own prospects of return and *safety* by octing as thespian publicity agents for Polish dissidents. This of course lends their production a special power. In some ways the play, just one hour long, is like o coodensed version of those great nationalist epics of the lale 19th and early 20th century Polish theatre; simiiler images of crucified martyrs, sardonic assumptions of power, the use of jangling and distorted soundtracks and of painted banners; all are reminiscent of Konrad Swinarski's perfervid productions of Polish classics 15 years ago.

But the Polish theatre has always had good reason lo be *a theatre of opposilion,* and never more so than today. It is the outbenticity ond the blazing sincerity of the Eighth Day actors that la so moving. In his sordid Garden of Gethsemane, the dissident is hosed down by a chemical gun as he vainly scrambles up a huge ladder. Vodka is swilled and a Russien song derisively intoned. *Political solecism* and distortion have reached the point where a party secretary is crowned King of Poland, Lenin is quoted in support of capitelism, margarine is better than butter and plastic preferable to leather.

The dissidenl ebsorbs the insults, joins in the songs, receives a ghost-like farewell porade of the women (calico and lace garments held aloft and disembodied), and trudges dolefully away on a journey that demands courage, renewal of hope and the support of his fellows. This persecuted hero is played by one of the most genuinely unhappy and dishevelled actors I have *ever seen*, in *stark contrast* in his flowingly energetic and gimlet-eyed blend Inquisitor, who also manages to obsorb the roles of consclence and doppelganger.

There ls a savagery ond a compassion here that cannot fail to *impress anyone* wise enough to attend a performance. This is not the wild and flailing apocalyptic theatre fashioneble in some quarters at the moment. It is a dark, ocrid and painful account of the miseries to be endured in a small room of an elien state.

Amandla/Riverside Studios

Martin Hoyle

Amondla means power; and this company of South African exiles based in Angola is billed *as the "cultural ensemble"* of the African National Congress. They arrive in Hammersmith from the Moscow Yonth Festival vio Edinburgh (recently a more Calvinistic version of the same thing). The backcloth depicts a clenched fist grasping a spear; and much of the evening reminds one of the primary colours, slightly synthetic folksiness and *forthright* agitprop *of* Eastern European political posters.

In his introduction, *Trevor* Huddleston warned us that wa had come not just to enjoy ourselves bul to take part in something important. The programme of dances, songs and relentlessly bustling mime touches on South Africa's recenl past: the oppression of *the workers*, the *foundation* of the ANC as long ego as 1912 and the massacre of Soweto schoolchildren in 1976. For me the soft-grained, faintly wistful melodies, blocks of solid choral harmony and jogging rhythms far from intensifying the seriousness tended merely to soothe — an impression heightened by the good nature of the performers.

A song of consolation to bereaved mothers finds the idinm at *its simplest* and *best*. Trumpets and saxophones add to the (disappointingly westernised) texture *of* guitars, drums and keyboards for an anti-colonial song in o gentle pop vein; and tha gumboot dance, a speciality of South African miners, emerges as a lively leg-slapping cross between a gopak and a clog dance.

Angry references lo capitalism, and the footstamping exuberance of a final medley of traditional dances — at last —offset an opening whose depiction of idyllic village life in pre-colonial days just steers clear of villago hall didacticism. A terrible topicality makes the mero existence of this 30-strong group of wandering artists more stirring than the material they perform.

Arvon winner

Oliver Reynolds won the £5,000 Observer First Prize in the International Poetry Competition organised by the Arvon Foundation for his poem "Rorschach Writing." His first book of poems, *Skerington's Daughter*, will be published by Faber next week.

Lucerne Festival

Andrew Clark

As a parade ground for the great orchestras, Lucerne has never had much problem finding its identity at the more opulent end of the *festival* market, and there is little pressure on visitors—either in the audience or on stage—to observe the festival's chosen themes. Of the anniversaries put forward for celebration *this* year, *those* of Bach and Berg were quite predictable; for once, however, it was in the music of living composers that the festival excelled.

With his ninth opera *Le Roi Berenger* newly premièred in Munich and enthusiastically reviewed on *this* page, the Swiss composer Heinrich Sutermeister cannot complain of neglect in his 75th birthday year—yet compared with his popularity in Europe a generation ago, he has indeed fallen out of fashion, and Switzerland itself *has* hardly rallied *to* his cause. Lucerne's homage was therefore doubly welcome, o ballet set to his early *string Divertimento* forming a lighthearted prelude to the more searching one-act opera *Die Schwarze Spinne* (1936).

The *Divertimento proved* to be o charming little work, full of energy and colour, and with a tender slow movement that wears its heart on its sleeve in much the same innocent manner as the *Sentimental Saraband* of Britten's Simple Symphony. Whatever faults it may have, they were well camouflaged by the classical *elegance of* Riccardo Duse's choreography, radiantly brought to life by Mylène Rathfelder and the *local corps de* ballet.

The opera, a much more sophisticated composition lasting 50 minutes, deals with the nature and *impact of* the plague on a simple, God-fearing community. It is a many-layered and thought-provoking work, a remarkable achievement for a composer in his 20s, and — perhaps partly due to the quality of this production — with few *signs* of the awkward balance between form and content that can so easily spoil a composer's operatic debut.

The influence of Honegger, *perhaps* even of Orff and Egk, stands somewhere behind, though the spareness of texture and *overall economy* give the score a very self-contained personality. There is some descriptive scene-painting — the work was actually commissioned as a radio opera — but the music's most striking features are its simplicity (especially the *soliloquies sung* by the two female principals) and the way it supports a dramatic crescendo. A most welcome and unexpected discovery, then, in his sensitive, abstract staging by Georges Delnon, with a young cast motivated by Roderick Brydon's intelligent, incisive musical direction.

Two concerts conducted by Pierre Boulez and aimed at *marking his 60th birthday* brought a more contemporary *profile* to the *festival*. In the first, members of the Ensemble InterContemporain performed music by Heinz Holliger, followed after the interval by *Le Marteau sans Maître.* Two nights later, the Basle Radio Symphony Orchestra played *Notations I* (1981) *sandwiched* between Stravinsky and Ravel.

Holliger the oboist is probably Switzerland's best-known instrumentalist, but he has also studied under Boulez and maintains a steady flow of composition. The two works featured in the Lucerne concert left a mixed impression. *Trema*, a short virtuoso study for viola premièred in 1981 by Rivka Golani in Paris and brilliantly played here by Jean Sulem, came across as a technical *tour de force*, exploiting *the size and darkness of* the viola's tone in a restless arc of gravelly arpeggios and skittish harmonics, and suggesting tha same assimilation of folk or gypsy music as *Tzigane*. By comparison, the capricious Trio for oboe/cor anglais, viola and harp (1966) sounded immature, as if riddled with serial cliché and instrumental abuse.

In their conciseness, concentration and elegant air of certainty, the two Boulez works took the *listener on to* a very different and altogether more exalted plane. *Le Marteau sans Maître* received a fresh, startling performance, crystallising mnch of the musical syntax, with even a degree of wit to be detected amid the subtleties of *timing and instrumentation*. Thirty years on, it is remarkable how easily it transcends *the fashions and dictates of the* era in which il was composed. Boulez is lucky to have found a contralto soloist as expressive as Elizabeth Laurence, her sumptuous voice evoking a languidity in *L'Artisanat furieux* reminiscent of Ravel's *Nahandove* and amplifying the contrasts within the work's overall sound textures.

The performance of four orchestrated *Notations* was hugely enjoyable, and not just because their Frenchness is more readily identifiable or the music more physically bracing. The many layers of instrumental activity which Boulez has been able to master as an orchestral conductor have come into bloom throughout this work in an extrovert but integrated fashion. The colouristic effects of the first and third movements seem less original than the two faster movements, the *energetic tapestry of IV* with its overlay of chimes capped only by the brilliant, breathless quality of II with which Boulez likes to end the work in its presenl form. I look forward to further acquaintance—and to the reworking of some of the other original piano pieces.

More Bigger Snacks Now/ICA

Michael Coveney

Théâtre de Complicité is a zanily surreal performance art group of four men dressed in regulation post-ovant-garde suits squirting each other with *water, banging heads* and generally looning around in a sordid living room. One re*sembles Woody Allen*, another Rowan Atkinson at his most nerdish. The feel of the show is that *Waiting for Godot* has been given a thorough going over by Rik Mayall and Co in *The Young Ones*. In that respect, it is not exactly original.

A *television belts out blasts* of *bel canto* opera and this sublima wallpaper music is offset with the dunking and slopping of tea-bags, the smelling of feet, the spilling of milk. Just when one's tolerance is at breaking point, the fourth wall *is obliterated and money* and cigarettes requested from the audience. This leads into a wonderfully deft evocation of a trip to Cairo, with a swishing hotel lobby fan described by Marcello Magni (the Woody clone) and a buzzing fly by Simon McBurney (the Atkinson substitute with hulging teeth, terrible deportment and a *strong line in defensive aggression*).

Alastair Muir

Left to right: Timothy Barlow, Marcello Magni, Jozef Houben and Simon McBurney

One or two world-famous mimes are incomprehensible to me. But Complicité pul together some elaborate end funny sequences sel in the hotel lohhy, an Italian restaurant and finally Heathrow airport, with much well-observed, recognisable detail. The random selection of incident is to be *explained away* by the claim to be representing "escape routes and fantasies from a dirty room." But while there is no logical narrative coherence, there *is* o *strong* control *over* mood and atmosphere.

Tha consumer detritus of things like rolls of Sellotape (where can you unpick it?) and bottles of pills (why doca the top nol unscrew?) is cleverly absorbed, and in one gloriously inexplicabla intervention, McBurney — who coolinuously surprises with his grare and agility — rises like a pouting Madonna to the accompanying strains of tha Bach double violin concerto. Ha and Magni, given to bouts of Italian phrase-book and hip-swivelling coquetry, are as funny as any of the better-known *alternative* crowd. They are well supported in Neil Bartlett's production by *Timothy Barlow and Jozef* Houben.

The show, widely praised al tha Edinburgh Festivol, plays for lwo weeks at the ICA before moving on to the *Donmar* Warehouse and the Lyric Stndio in Hammersmith. Worth a try.

Arts Guide

Music/Monday. Opera and *Ballet*/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Sept 6–12

Exhibitions

PARIS

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 18th to the 19th century. Some were made of Viennese porcelain, *others* of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals *opening* up and Chelsea china statuettes. They all show exquisite workmanship *and some of perfume's power* to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie *moderner* Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: Beuys, Richter and Kiefer. Ends Sept 15.

Hildesheim, Römer und Pelizaeus-Museum, Am Steine 1-2: Nofret, the exhibition covering Women in Egypt. For its last stop in Germany, the exhibition will carry 177 pieces, an extra 96. Some 30 objects are on loan from the Egyptian Museum in East Berlin. It is the biggest assembly of Pharoan Art. Ends Nov.

Aachen, Suermondt-Ludwig-Museum, Wilhelmstr. 18: 100 drawings, watercolours and plastics from Joseph Beuys, covering the fifties and sixties. Ends Sept 29.

Essen, Villa Huegel, Auf dem Huegel: Turkish culture and art from the Osman Empire. 500 works ranging from the 15th-19th centuries. The show includes glass, carpets, ceramics, miniatures and weapons. Ends Oct 27.

Köln, Kunsthalle, Josef-Haubrich-Hof 1: The Fiancee Beloved, Sold, Exchanged, Stolen. The exhibition describes the role of women in different *cultures* and shows various marriage ceremonies. It also displays 2,000 paintings, photographs and *costumes from various countries* through the ages. Ends Oct 10.

ITALY

Florence: Palazzo Pitti (Sala Bianca): *Modern masters from the* Thyssen-Bornemisza collection: The pleasure to be had from this remarkable exhibition is that it reflects the taste and prejudices of one individual: *one of the few left who can afford* Corot, Manet, Gauguin, Picasso – and who is generous enough to send them to be exhibited in France, England, the U.S., Australia, Japan, and now Italy. This same collection, with a few exceptions, was seen at the Royal Academy in London last autumn. Ends *Sept* 29.

Rome: Palazzo Venezia (Piazza Venezia 3): Paesaggio Con Nigura – 57 works from the Borghese collection. The Villa Borghese, which houses one of the best patrician art collections in Rome, is likely to be closed for repairs for at least another year and some of the gems from the collection have been transferred to this site for the summer. Includes works by Titian, Veronese, Domenichino, Caravaggio and Dosso Dossi. Ends Sept 30.

***Florence:** Museo Archeologico (Piazza SS. Annunziata)* – The Etruscan Civilization: This is the first of a *long series of exhibitions to mark* The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

BRUSSELS

Opera costumes from 1958 to the present including *Zeffirelli's Rigoletto*, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until *November.*

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/23978).

NETHERLANDS

Amsterdam Rijksmuseum Printroom *Continuing its centennial* celebrations, the museum has put together a revealing exhibition of 60 of its finest Rembrandt drawings supplemented by a further 60 by anonymous Rembrandt pupils and followers to illustrate the extent of the master's influence. Ends Sept 29.

Haarlem, Vishal. 100 of Jacques-Henri Lartigue's timeless photographs of moneyed France between the wars. Ends Sept 13.

VIENNA

Vienna 1870-1930: Dream and Reality: The greatest names of the Viennese *fin-de-siècle* – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but *also Freud*) and political transformations (the emergence of municipal socialism on the *ruins of Baroque splendour*) is ambitious and only partly successful. The complex tension between autocratic and censored *reality* on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

National Academy of Design: Culled *from the larger Royal Academy* exhibit, this view of Edward Lear's prolific career covers not only the famous illustrated limericks and verse but also landscapes and ornithological studies. Ends Nov 3.

WASHINGTON

National Museum of American Art: 35 paintings by Alexander Hogue capture the American Southwest through dustbowl and prairie in highly stylised evocative works from the 1920s to the present. Ends Nov 3.

TOKYO

Modigliani: 130 works in oils, watercolours, and sculptures. National Museum of Modern Art, Kitanomaru Park (near Palace and Imperial Hotels and parts of Tokyo's oasis near the Imperial Palace). Ends Sept 29.

Treasures from the Silk Road: 160 items from Central Asian area from 5th century BC to 10th century AD. Tokyo National Museum, Ueno Park, one of Tokyo's few parks. The greenery and space are a welcome respite from city concrete. Purchase an *obento* lunchbox for an instant *picnic. Afterwards explore the park* and surrounding area full of history. (The nearby Shitamachi Museum, *consists of a reconstructed* tenement – typical dwelling of inner-city families in 17th-19th centuries.) Ends Sept 25. Closed Mondays.

Rubens: The first large-scale exhibition of Rubens in Japan. 80 masterpieces of oils and prints, plus works of collaboration with his pupils. Takashimaya Department Store, Nihonbashi. Ends Sept 17. Closed Wed.

Orchestras/Antony Thorncroft

Under new management

This will be a testing year for the four major London based orchestras who are just obout to begin their 1985-86 seasons. During the year there will be a new management on the Sonth Bank, the main venue for orchestral music, with the Arts Council taking over from the GLC.

For the first two seasons this should not herald any change in the programming policy ot the Festival Hall: bookings have already been made well lnm 1985 and 1987. But the orchestras—the Royal Philharmonic, the Philharmonia, the London Philharmonic and the London Symphony—are well aware that the Arts Council is reluctant to snb*sidise all four of them.* It *still* aims for one British superorchastra and when it combines the dual roles of manager of the South Bank, and subsidiser of the orchestras, it will be in a more powerful position to get its way.

The first of the Big Four to announce its programme is the London Philharmonic. It is slightly sheltered, by its annual summer contract at Glyndebourne, from the full rigours of the competitive markel-place but the very existence of a regular seasonal employer might moke it more vulnerable to losing its Arts Council grant, which opproaches 20 per cent of its revenue.

The LPO is presenting lwo separate programmes at the Festival Hall. The base is 30 International concerts, of which ten will be under the baton of its principal conductor Klaus Tennstedt. Guest conduciors include Sir Georg Solti, with Brückner's seventh, and o Liszt-*Beethoven* evening, *with* Brendel playing the Emperor Concerto, ond Simon Rattle. In addi*tion there will be* ten *concerts* in its *Classics for Pleasure* series.

In the *Classics for Pleasure* series the five concerts will be repeated ond, thanks to a £30,000 sponsorship from the Nat-West Bank, the price for block bookings for *the five* works out at £3.50 a concert, or £14 for all five evenings. Among the conductors appearing will be Sir Charles Greves and Carl Davis. The LPO opens its season at the Festival Hall, under Tennstedl, on Seplember 18.

Its attendances on the South Bank rose last season by eround 3 per cent to 70 per cent of capacity. Thanks in part to GLC publicity, but also to more popnlar programming, attendances for all the orchestras were *higher* al the Festival Hall in 1984-85.

The Arts Council is committed to building on the successes of the GLC, such as its open foyer policy, but is also determined to put its own mark on the country's leading arts complex.

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Thursday September 12 1985

Following Mrs Thatcher

MRS THATCHER'S administration is open to two main criticisms. The first is that, for all her good intentions, the Prime Minister has not been radical enough. The second is that the Government bas given the impression of not caring sufficiently for the poor, the unemployed and the disadvantaged—soma of them the victims of the changes which Mrs Thetcher rightly wants to introduce.

Sbe deserves praise for the way sbe set out at the start to try to turn the country round: to arrest and then reverse Britain's relative economic decline. And there beve been some successes: for instance, tbe curbing of inflation end of trade union power.

Yet perbaps the greatest tribute of all bas come from her political opponents, the leaders of the other parties who have adapted to Mrs Thatcher by bringing their own thinking ont of the 1960s and at least into the 1980s, if not beyond.

Dr David Owen's speech at the close of the SDP conference in Torquay yesterday was a conspicuous example. It had already been e good conference—the best and the biggest beld by the Social Democrats so far. Dr Owen ended it on a nota of confidence, but also realism.

Foreign policy

As a former Foreign Secretary, the SDP leader has always been skilful in his presentation of international affairs. Yesterday be was outstanding, particularly in his outlinc of the limits of Britisb power. He exposed the potential isolationism of the Labour Party and the illusions of grandeur of the Tories through their attachment to the Trident nuclear weapon. He also explained where Britain might have an international role because of the country's past experience: most notably by pressing for a comprehensive test ban treaty. Defence and foreign policy would be safe with the SDP.

It is on economic policy, bowever, that any British party bidding for power, or re-election, is likely to be judged. Here Dr Owen has already moved the Social Democrats, sometimes against their will, in Mrs Thatcher's direction. He embraced market economics in his speech at the party conference in Buxton last year. Yesterday he needed to reaffirm the commitment and to spell out more of the details.

On the whole be succeeded. The SDP-Liberal Alliance is commendably ahead of the other parties in wanting to simplify tax and benefits. Dr Owen at least seems relnctant to take any risks with inflation. He was insistent on the need to contain unit labour costs and thet any new commitments—including an apparent pledge to pay more to the teachers—have to be paid for.

There was one innovation. Tha SDP no longer talks about an incomes policy, but an "incomes strategy." Dr Owen officially committed himself to the possibility of an inflation tax to be imposed if incomes were rising too fast. Such an idea has been around in academic circles for years. More needs to be heard about how the SDP would seek to implement it. It is not quite the Erbard model of the social market economy to which Dr Owen was a convert.

There was also some filling-in of tha gaps that Mrs Thatcher has left exposed. The Social Democratic leader, for instance, went out of his way to pay tribute to the Civil Servicc and did not disown the recent high pay awards. There had, be said, to be comparability between the public and private sectors. It is easier said than done.

Redistribution

The poor, and elderly and tha unemployed were all dealt with sympathetically. Dr Owen has not dropped his old commitment to the redistribution of wealth which used to be the prerogative of the Labour Party. Indeed, the distinguishing mark of the SDP is that it is trying to offer tha best of old Labour and the best of Mrs Thatcher: redistribution and wealth creation, fairness and firmness, radicalism and compassion.

These are early days, not only in the run-np to the next election but also in the party conference season. Tha Labour Party is changing, too; so is the trade union movement. We have yet to see bow Mrs Thatcher will face up to opposition parties that have become articulate and self-confident. But it would be churlish to deny that the SDP has given the season a bracing start.

TV listings: A protected species

"THE ONLY way to see what'e coming on ITV is to go and get the TV Times." So ran the old commercial jingle, and thanks to a lamentable decision by the Monopolies Commission, it wil remain true that UK viewers and listeners who want advance programme information will have to buy both the Radi oTimes and the TV Times, which are owned by the programme makers.

The Commission has accepted that these publications are engaging in an anti-competitive practice within the meaning of the Competition Act, by refusing to let rival publications give programme details covering anything but the very short term. But in a ruling carried only by the casting vote of the chairman, it has concluded that these restrictions do not operate against the public interest.

Serious shortcoming

There are three points to make about this decision. Tha first is that the public will be deprived of new publications which would otherwise undoubtedly have emerged to provide independent information in a convenient format. The second is that the thinking behind the conclusion suggests that the Commission's approach to competition policy is faulty. Finally, the report seems to suggest a serious shortcoming in the Competition Act itself.

The BBC and Independent Television Publications ITP, the publisher of the TV Times — both made great play in their evidence of the public service role of their publications. Competition they said, would bring in downmarket rivals like free sheets or magazines limited mainly to programme information. These would squeeze the established publications, leading to a reduction in the quality and quantity of accompanying articles and less detailed information, especially about programmes of minority interest.

The majority on the Commission broedly accepts this conclusion. They add thet it is not even certain that daily programme information would continue to be as widely available as it is now, since the BBC and ITP might no longer be willing to grant the information free to newspepers. "It is in our judgement impossible to say what the balance of advantage and disadvantage would be with any new system, and whether the public interest would be better served than at present," the majority group solemnly concludes.

Yet the whole essence of competition is its unpredictability. Competition policy ought to be biased in favour of competition, and anti-competitive practices ought to be attacked unless there is tangible evidence that the public interest will actually be damaged by so doing.

As it is, the current arrangements are a direct result of the statutory duopoly of broadcasting in the UK. In a more competitive environment, broadcasters would bave an interest in making sure that their audiences bad cheap and convenient access to programme information.

Whatever the arguments for such a duopoly, there is no case for extending it to the two publications. As the dissenting minority points out, even if their circulation were to be cut in half by competition, they would each still be left with a circulation greater than any other UK magazine. It is difficult to believe that they could not be made profitable under such circumstances. Even if they could not, tha programma makers would still have a considerable interest in making the public aware of what they had to offer. And minority interests might actually be better served in e free market, given the bost of publications which already exist to serve minority markets.

The Commission is, however, unanimous in tha bold view that "the present arrangements are not necessarily the best that can be devised" and offers the thought that thc broadcasters might consider adopting the arrangements recently introduced in New Zealand. Since these place what look like extraordinarily unattractive conditions on anyone wanting to publish the information, this is an idea which the broadcasters might be very happy to consider.

To complete a depressing picture, the Commission concludes that even if it had found the referred practices to be against the public interest, it could not beve recommended any action to remedy the fault given the limited powers of the Secretary of State under the Competition Act. If this is the case, the conclusion must be that the Act is inadequate.

Britain's inner cities

A fuse just waiting to be lit . . .

Robin Pauley looks at the background to the Birmingham riots


DALEY

DURING the weekend of July 10-12 1981, one week after thc riots of Toxteth and Southall and exactly two months after the momentous upheavals in Brixton, the Handsworth district of Birmingham suffered repeated rioting. No fewer than 99 properties were damaged.

While Brixton captured the world's attention and was the subject of Lord Scarman's scrutiny and Mr Michael Heseltine took up the cause of battered Merseyside, Handsworth quickly dropped from view. But of all the 1981 urban riot areas it was the one chosen by the Home Office for penetrating research and analysis.

The Home Office research team concluded their report in early 1982: "In the light of such high levels of unemployment, the boredom referred to by many also becomes easy to understand as a causal factor. So long as unemployment levels remain high in the Handsworth area the danger of riot may remain."

The riot the Home Office researchers feared, duly occurred on Monday night. It could bave occurred in any one of a number of other urban areas where tensions run persistently high and where a single unexpected—and often misinterpreted — incident can act as the spark to the tinder box.

A number of ingredients—including the weather—have to come together for the dreadful buman explosion to occur.

The problem facing government, council and community leaders, and the police has been thet new riots could have occurred at any moment in a dozen or more urban areas. But knowing when the cocktail of pressures is just at the critical heat to explode, and knowing how to cool it without baving it blow up in your face, has defied analysis.

However, since 1981 a number of lessons have been learned—more by the police than by government. Lord Scarman made quite plain in his widely acclaimed report thet although race and policing are two crucial fectors involved, the key underlying factors in the urban riot areas are essentially socio-political: unemployment, education, housing.

Lord Scarman ands his report by quoting President Johnson after the U.S. riots of 1968: "The only genuine long-range solution for what bas happened lies in an attack—mounted at every level—upon the conditions that breed despair and violence. All of us know what those conditions are: ignorance, discrimination, slums, poverty, disease, not enough jobs. Wa should attack these conditions not because we are frightened by conflict but because wa are fired by conscience. We should attack them because there is simply no other way to achieve a decent and orderly society."

But as successive summers passed without major reports of disturbance, Lord Scarman's words faded from memory. Unemployment has risen relentlessly. Local authority grants have been cut in successive years and financial cootrols on urban council spending have become increasingly stringent. Urban aid, which directs government cash specifically at projects in Britain'a most deprived areas, bas been held at £338m this year, the same cash level as last year. It is to be cut to £317m in 1986-87, compared with £450m at its peak in 1983 and the Chancellor, Mr Nigel Lawson, is known to think that these special payments are not the best way to tackle the inner city problems.

Housing expenditure shows a similar pattern. Public expenditure on housing as a proportion of GDP has fallen from 2.2 per cent when the Conservatives took office in 1979 to 0.9 per cent now. The allocations for capital expenditure on housing by local authorities have been cut by the Government by 65 per cent since 1979. In 1978-79 the total allocation was £4.4bn at 1984-85 prices and in the current year it is £1.5bn.

These cuts fall especially hard in those areas recognised by the Government as suffaring maximum urban deprivation, and it is those areas which figure largely when urban and racial disorder occurs — Toxteth in Liverpool, Handsworth in Birmingham, St Paul's in Bristol, Brixton in London, and Moss Side in Manchester.

These deprived areas also have worse unemployment in all categoriea than tha averages for the nation, their region and the rest of their own cities. Within these figures the young fare disproportionately badly and tha black young worst of all. So, in Handsworth, the jobless rate of 36 per cent compares with 20 per cent for Birmingham. But in Handsworth more than 50 per cent of people under 24 are ont of work with nothing much to do except hang about on the streets. And though the jobs situation is desperate for everyone in the area, it is particularly bleak for black school-leavers. While around 20 per cent of white and Asian schol-leavers find work, only 5 per cent of black school-leavers find jobs.

On Tuesday Mr Douglas Hurd, the New Home Secretary, said during his visit to oue of Handsworth's devastated streets that unemployment could not be the reason for such disgraceful criminal behaviour — a view repeated by the Prime Minister yesterday when she said such a suggestion was "very, very harsh indeed."

But what has become clear is that resentment and bitterness builds np over time in individuals who feel they are disadvantaged and discriminated against. This also becomes a communal and community resentment where, for example, a specific ethnic group sees itself doing reletively worse than other groups—young blacks without jobs being the touchstone.

Between the Government, responsiblc for social and economic policy, and the communities in which these policies may ba causing thc build up of resentment, stands the police force. It represents the anthority of the state and therefore attracts hostility from those aggrieved by the state.

Isolated incidents add to the erosion of confidence of the police without spilling over into irnmediate violence. Hackney, Britain's most deprived borough, came close to racial boiling point in 1983 when a young black was found dead from gunshot wounds in Stoke Newington police station's hallway; public confidence in Birmingham was jolted recently when police accidentally shot dead a five-year-old boy; raids and street "busts" for drugs add to the resentment of the young.

In Handsworth on Monday a policeman spotted an Asian ha knew to be disqualified from driving in a car with an incorrect tax disc. Critically, this happened outside the Villa Cross pub in which were drinking a number of black youths who emerged to find either the man appealing for help or being roughly treated according to which version is rigbt. Either way, the previous build up of resentment and perceptions, reinforced by tough police action over drugs in the area, was strong enough for these blacks, not knowing the circumstances, to intervene against the police.

The fuse was lit and thereafter the chain reaction of rumours, crowds, fighting and fires began and the pressures blew thc community lid off. Once the flasb had occurred the riot followed the pattern of previous riots—naked criminality involving violence, destruction and looting of Asian shops and, in the worst cases such as Handsworth, death.

It is because it is always the police that are at the end of the chain of social and economic pressures which precipitate urban violence that policing always comes under such close scrutiny.

Policing of these multi-racial communities in deprived areas of high unemployment—and, therefore, high boredom among the key primary riot group of 16 to 19-year-olds—is a delicatc matter. Sir Kenneth Newmen, Metropolitan Police Commissioner, said in 1982 that relations between police and public was the most important issua facing the police and be introduced "human awareness" training for all recruits and senior officers. His ideal policeman would ba as knowledgeable about the psychology and sociology of his beat as about crime and traditional policing.

But Lord Scarman'e insistence that the police force should reflect the nation is still far, far away. By the end of 1984 there were only 253 black or Asian policemen in the Metropolitan force—less than 1 per cent. In the same year only 36 out of 1,219 recruits were from these ethnic minorities.

However, within the community a single policeman's personality, whatever his ethnic origins, can make all the difference. Superintendent David Webb was one of Britain's first community policemen when be was at Handsworth from 1975 until be resigned in 1981 in protest at what he regarded as lack of interest by senior policemen in the approach. The area'a new Chief Constable, Mr Geoffrey Dear, is a former Scotland Yard commissioner with deep experience of rioting. Ha has a sensitive and sympathetic approach to community policing but has also turned to tough, reactive policing methods in Handsworth this year because the drugs problem has worsened significantly.

Superintendent Jack Whitfield was similarly successful in London's Notting Hill area where be was known by all the community leaders and made himself available 24 hours a day by phone to calm rather than arrest troublemakers. He bas been moved to Scotland Yard's community relations section, the temperature has risen and blacks again complain of tough on-the-street policing. It was thc street frisking of a black youth for drugs in the Portobello Road that sparked a night of serious disturbance there some years ago.

Lord Scarman in his report identified that one of the reasons for the build-up of problems in Brixton was the collapse of the community police liaison committee in 1979. The 1984 Police and Criminal Evidence Act makes it mandatory for each police area to have arrangements for obtaining the views of the community about policing.

Lambeth, which includes Brixton, set up its community police consultative group after the 1981 riots. In spite of immense difficulties it has been a great success, although Lambeth Council's Labour leaders ere now distancing themselves from it for political reasons.

The group brings together the police and a host of local organisations ranging from the Afro-Caribbean, Asian and Jewish communities to the churches, probation service, chamber of commerce and youth clubs and MPs.

It is essentielly a talking shop but just talking, sometimes noisily, even angrily and at greet length, bas kept communities and the police fully in touch with each others views and, so far, there has been no return to the urban warfare of 1981—although tension remains as high as ever.

In early June 1983 there were some isolated incidents in Brixton which indicated that the riot fuse might again be close to blowing. On June 7 the group met to discuss the incidents end tha whole problem of policing the voletile Railton Roed area known as the Front Line. The Metropolitan Police sent e commander, a chief superintendent, a superintendent and a chief inspector. The public gallery wae full. The meeting was long and emotional with frequent interventions from the public and the police getting sustained tongue-lashings.

Nevertheless, the meeting resulted in n further meeting between police and Railton Road residents, e calming down of all sides and, most importently, the containing of a potentially explosive incident by providing an outlet for blowing off a great heed of steam. There were no riots but it could well bave gone the otber way without the consultative group.

The Handsworth riot will bave reminded politicians of what inner city residents have known all along: the ebsence of disturbances does not mean the absence of the problems which cause them. It may also help the supporters of soft community policing which has come under pressure during the last year because of repeated attacks by youths on policemen in urban bot spots.

The Chief Constable of Merseyside, Mr Kenneth Oxford, threatened to end his community police foot patrols only last week because of repeated attacks on police officers in Toxteth. This year at least seven police officers bave been injured in Toxteth by gangs of yonths, black and white, and there have been several ugly scenes involving large and angry crowds although none boiled over. However, yesterday armoured cars were out in Toxteth.

WHAT THE PEOPLE THINK

A single unexpected and often misinterpreted incident can act as the spark to the tinder-box.

HANDSWORTH RESIDENTS' VIEWS OF THE CAUSES OF 1981 RIOTS

Causes	%
Unemployment	43
Copying other areas	23
Boredom	22
Agitators/political activists	14
Racial tension/discrimination	10
Police harassment	9
Hooliganism	5
Poverty/inflation	4
Poor facilities of the area	3
Lack of parental or school discipline	3
Poor housing	2
Political/social protest	2
Build up of tension/rumours	2
Excuse for looting	2
General atmosphere of country	1
Noisy parties	1

Some respondents gave more than one cause so the total adds to more than 100%.
Source: Home Office Research and Planning Unit

Men and Matters

Catching a profitable cold

The Richardson family, which has so brusquely rejected Unilever's advances on Richardson-Vicks, the U.S. health care company, could be forgiven for regarding the company as its personal fiefdom.

The present chairman, Stuart Richardson, aged 38, is s great-grandson of the founder and is the fifth Richardson to head the business.

The original Lunford Richardson started the company in 1905 to sell Vicks Vepour Rub, the pungent anti-cold preparation which he formulated.

He quickly established the company's reputation for outstanding marketing and began assembling the array of cough medicines and skin preparations which now include the Vicks range and Oil of Ulay.

Richardson-Vicks is still regarded as a strong marketing group, although a diversification into pharmaceuticals in the 1960s struck it a nasty blow.

"Don't be taken in—he'e probably a Lambeth or Liverpool councillor"

The company becama involved in the thalidomide affair. It never sold the drug but, as the U.S. licensee, was sued by several plaintiffa who had received free samples.

Later it ran into more legal problems distributing Benedictin, an anti-nausea drug. This second brush with litigation finally decided thc family to divest most of the pharmaceuticals business.

The company continued to show its paces in its base business, and in 1970 brought off e coup with the purchase of Oil of Ulay from a South African group. Today the skin cream is the group'e largest revenue earner and is sold world-wide.

Vicks VaporRub has long since been overtaken by a newer product Vicks NyQuil, a night-time cough medicine which is the biggest earner marked under the Vicks brand name.

Bnt the original Vicks rub is still selling strongly after 70 years.

Tha family is said to have diversified because it was afraid that e cure would be found for the common cold.

On the basis of the Unilever bid there seems to be littla chance of thet in thc foreseeable future.

The business is valued on the Vicks name at around $390m.

Noble work

Shoppers who have flocked in unexpected numbers to Quilter Goodison's new "shares shop" in Debenhams' Oxford Street store this week may ba surprised to know that among the dealers buying and selling their shares "over tha counter" has been the Earl of Buchan.

Buchan is a director of Quilter Goodison (one of the select few who, as I reported last week, is entitled to a circular chocolate biscuit at teatime).

Such was the demand during the lunch-time rush hour et Debenhams' that be was among tha reinforcements drafted in from the City to man the counter.

Quilter Goodison is well-pleased with the experiment so far — reporting commissions five times higher than expected.

Bottom line

Ron Todd, new leader of the transport workers, is currently starring in the last-laugh department. At last week's TUC he eppeared to get the worst end of an exchange at the rostrum with Eric Hammond, leader of the electricians.

Ron made a speech about the beart of the movement, and Eric slipped in a fraternal crack to tha effect that "dinosaurs have big hearts, too, Ron." That was widely felt to have been a clincher.

But Eric had chosen precisely tha worst man in the labour movement for such a jest. For Todd, when picking up some trade union edocetion while a shop steward at Ford, did a course on palaeontology, a fascinatiou which has grown over the years. He knows all about dinosaur's brains, and if be'd been abla to get back to the rostrum be'd have told Eric that.

He told me yesterday: "I had to correct Eric on this afterwards. A dinosaur's main characteristic was not its beart, but its brains: It has two of them the size of chicken eggs: one's in its head, the other in its rear end."

The two brains, said Todd, were needed because its reflexes were so slow and its nervous system so vast that one would not register essential information rapidly enough. "So you could have it chewing off its hand before it realised it had finished the tree it was devouring."

Any attempts to draw parallels between this and the crisis at the TUC last week when the general council nearly expelled the engineers are discouraged by Todd.

Eilledge's audit

A miner's helmet could seem unusual garb for the new senior partner designate of accountants Ernst and Whinney. But Elwyn Eilledge is looking forward to his first visit to a coal mina as new auditor to the National Coal Board.

His success in leading tha team which recently snatched the NCB audit against competition from the likes of Peat Marwick and Price Waterhouse has been swiftly followed by his own selection for the top job at E and W, which he will take over following Peter Godfrey's retirement in August next year.

Eilledga cut his teeth at E and W in the mid-sixties by probing alleged frauds in Liberia. After 1972 be pursued a less exotic career in the firm's London audit department, becoming managing partner of the London office in 1983.

At 50, be lines up with thc new, younger breed of senior partners, including Jeffrey Bowman of Price Waterhouse, and Brandon Gougb of Coopers and Lybrand, in welcoming the more commercial approacb of modern accountancy.

"In the past accounting and other professions were seen as e fairly cosy world. I welcomc the more competitive era we are in," be says.

Unwritten rule

I quote the staff magazine of e Basingstoke company: "The editor regrets that it has not yet been possible to start a correspondence column. The main reason for this is that we have not yet received any letters."

Observer

THE REPORT of the Commons Treasury Committee on *International Monetary Arrangements* hardly breaks new ground.

There are, however, two topics on which something *approaching a point of view* can be discerned. The first is support for "target exchange rate zones." The second is the view that exchange rate policy should be devoted to *containing* inflation, and fiscal policy devoted to promoting real output and employment.

There may well be a case for an exchange rate objective for a particular country at a particular time. In view of the collepse of all UK money supply indicators, a published or *unpublished target zone for* sterling is probably the best available intermediate policy objective.

But these observations apply to *one medium-sized country* at a particular time.

A target exchange rate system can only provide an approximation to price stability *if at least one leading country* pursues a policy geared directly towards internal objectives.

In practice, the forces operating on the world's three principal currencies — the dollar, mark and yen — are so diverse *that it is unfeasible to attempt* to fix their relationship. Even if most countries of the world were to tie their currencies to one of these big three; and even if we wanted to approach financial stability by means of exchange rate policies, it would *surely be best to leave the* world's three main currencies to float against each other.

The *EMS* question for Britain is whether it should try to maintain sterling as a fourth major world currency, or whether — as the oil factor gradually fades — it *might be better to link* the sterling and D-mark zones. It is a second-order issue.

The difficulty of exchange rate zones for the world's main currencies is shown by the Treasury Committee's own range for the supposed *misalignment of the dollar*, namely 15 to 40 per cent, based on different expert witnesses.

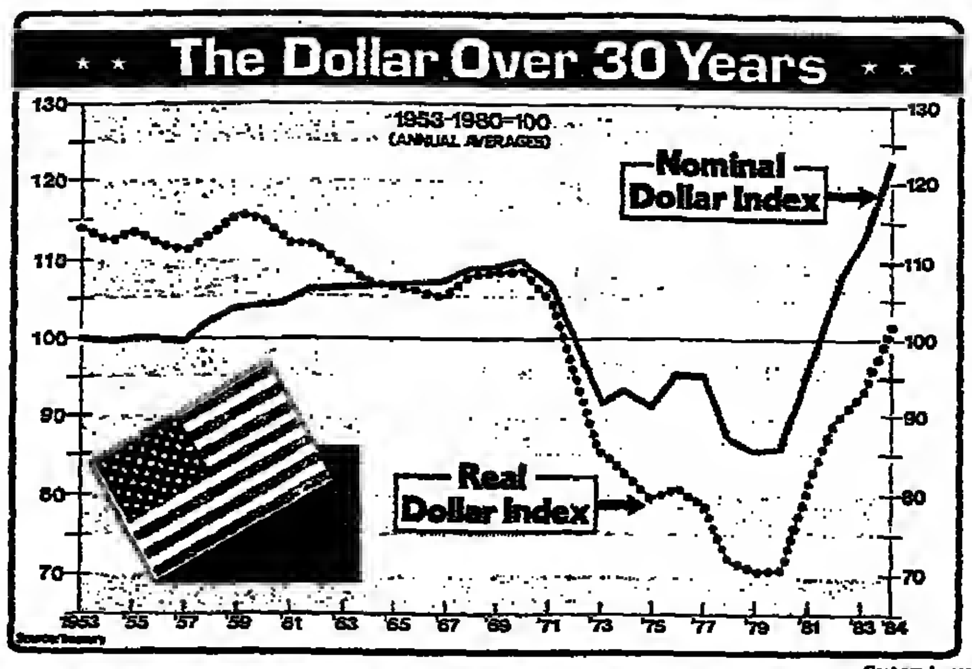
This means that the "correct" rate for the dollar could be anywhere between DM 1.8 and DM 2.50, while the market obstinately insists that it is worth nearly *DM 3*. In these circumstances a target zone would surely be, as the Chancellor told the committee, "a target to be shot at, rather than *something* that would actually exercise a stabilising influence on currency markets."

The great difficulty of establishing a target zone for the dollar is illustrated by the chart, which comes from a Treasury memorandum to tha committee. This shows that the real exchange rate for the dollar is only high if comparisons are made with the middle or late 1970s. The dollar is roughly the same in real terms as in earlier decades. While this rate caused troubla in the early 1970s, which led President Nixon to shut the gold window and float the dollar, it proved quite comfortable for tha whole of tha 1950s and 1960s.

Economic Viewpoint

Exchange rate fads and trade war realities

By Samuel Brittan



Graham Lever

Who is to say whether the 1970s represent the true *underlying equilibrium value* of the dollar, or whether they were an aberration from the levels of earlier decades due to e temporary weakening of the U.S. economy?

The main reason for taking the high dollar and the accompanying U.S. current trading deficit seriously is that the U.S. political community is revolting against it. I am amazed that so little notiee has been taken of a speech this Monday by Senator Robert Dole, the Republican majority leader of the U.S. Senate. Himself a free trader, of sorts, he warns that be has "never known such Congressional pressure for restrictive trada legislation."

His view that the U.S. cannot be the world's only free trader, any more than it can disarm *unilaterally is factually and* analytically wrong. The U.S. is very far from being the pure free trader that such rhetoric claims. On the other hand it could afford to be, and would benefit from free trade, even unilaterally.

The point is that it won't. Congress is the home of interest group politics and is highly sensitive to the sufferings of particular industries, subject to import competition: not only traditional smokestack industries such as textiles, footwear and steel, but now even high technology ones such as telecommunications and semi-conductors. The high dollar has also been a factor in the plummeting of farm exports over the past five years.

Senator Dole is frank enough to edmit that U.S. trade woes are partly self-inflicted. They reflect the high dollar exchange rate, which itself is due to "our inability to control budget deficits."

A fundamental improvement in the U.S. trading account must involve a rise in domestic savings relative to investment. An attack on the budget deficit, which is negative savings, is the obvious, *if painfully slow* way of improving the overall savings position in the longer term.

Senator Dole bimself was one of the leaders of the campaign to reduce the budget deficit, an issue on which he was firmer than President Reagan. But ha stresses *that the final* budget resolution, which may not be fully implemented, falls well short of original objectives and "the window of opportunity is now closed."

Senator Dole then goes on to list trade barriers maintained by countries like Japan, Korea, Taiwan, Brazil and Australia which have benefited so much from open markets elsewhere.

The Senator clearly does not *expect strong and quick enough* action from such countries to remove Congressional pressure for protection. His first and most limited further suggestion is that the administration should make more use of existing legislation to retaliate against allegedly *unfair* foreign practices.

A more surprising proposal from a conservative Republican Senator is the restructuring of external debts, especially of Latin American countries "to facilitate the resumption of their growth and of U.S. exports to that region."

Senator Dole is certainly not counting on debt restructuring alone. Another option he stresses is some unspecified action to alter world exchange rates. He mentions particularly emergency measures to raise the yen by 25 to 30 cents against the dollar.

The dollar cannot be devalued or the yen revalued simply by announcements or by intervention. To make the new exchange rates stick, Japan would have to raise interest rates and the U.S. would have to reduce them. Even then, there might be extremely disappointing effects on both the Jepanese trade surplus and the U.S. trade deficit, if no fiscal action were taken to increase U.S. or reduce Japanese savings.

Irrespective of Japanese action, Professor Ronald McKinnon argued at a recent conference to open the new Amsterdam Trade Centre that the Fed should unilaterally reduce interest rates to secure a depreciation of the dollar. This might not have too much effect on the current deficit in the absence of U.S. fiscal measures. But Prof McKinnon argues that it could nevertheless boost U.S. growth by raising the price of traded goods relative to *other products* and thus giving a "shot in the arm" to the hard-pressed, traded goods sector.

He would concede that such *deliberate depreciation* would have some inflationary effect. But he hopes it would take the form of a once-for-all limited price boost, rather than form the beginning of a new inflationary phase. If be were wrong, and depreciation fed through into higher costs, the U.S. would be left with the inflation without much real competitive improvemeot.

But whatever the risks of a Fed relaxatioo they would be less than some of the other actions mentioned by Senator Dole as strong possibilities.

An example is "a temporary and geoeralised increase in U.S. tariffs," ie an import surcharge. Such measures would have an inflationary effect comparable to a dollar depreciation. But in addition they would have a provocative effect on America's trading partners all of their own; and in contrast with a dollar depreciation would work entirely by restricting imports than encouraging exports.

Moreover, there would be so many *exemptions that no surcharge* would be simple and across-the-board. Indeed the proposal which has attracted most support. Congress is for annual limits on imports for textiles and apparel except for Canada and Europe. Another *strongly supported* bill is for a 25 per cent surcharge on all imports from Japan, Taiwan, Korea and Brazil. These very exemptions and complications would reduce tha revenue raising potential, so that the impact on the underlying budget deficit would be very small indeed.

The effect of any kind of surcharga on tha dollar is unpredictable. The mechanical effect of *restricting imports* into tha U.S. would be to drive up the dollar. On the other hand if it shattered confidence, it would have the opposite effect of pushiog the dollar down into that "hard landing" which central bankers so much fear. Unfortunately, the counter-productive nature of any action rarely prevents legislatures from embarking on it.

The best approach to world payment imbalances would be to reduce the structural U.S. budget deficit and to divert the Japanese surplus to investment in developing countries. The next best would be for the U.S. and Japan to live with their present trade imbalances so long as they can be financed.

But as the U.S. is unlikely to accept either of these two options, we may have to fall back on third best. This *is* an adjustment of world-wide monetary policies designed to lever the dollar up and the yen and D-mark down. To work fully it would have to be accompanied by limited fiscal stimulation in Europe and *Japan; and there would be inflationary* risks. Even the desired impact on real exchange rates might be achieved only temporarily—if at all.

Such measures would, however, at least buy time to avoid the fourth best epproach, or worst one. This is to allow Congress to take crude direct action to limit imports. This might well not have the desired effect on the trade deficit, but could nevertheless provoke a world trade war and risk triggering off the crash and depression which prophets of doom have been vainly hoping for *since the breakdown of Bretton* Woods in 1971.

Lombard

De Gaulle and the French bomb

By David Marsh

"STRUCK DOWN today by mechanical force, we can *triumpb* in the future with a mechanical force which is superior. That is the destiny of the world." These grand words would be oo more than lines in the history books had not their euthor—Geoeral Charles de Gaulle, uttering tbem over the BBC *from London on June 18*, 1940, a day after France sought an armistice witb the Germans —returned as overlord to Paris four years later.

Nearly half a century on, they contain a key clue as to wby France will not give np the onclear testing in the South Pacific despite publicity *focused on it by the Greenpeace* affair.

The oppressive peace forced on Germany after 1918 paved the way for Hitler's re-militarisation. France's paradoxical position in World War Two, occupied for four years aod yet present at the victor's table, gave rise to a different form of post-war assertiveoess.

De Gaulle (by theo out of power) firm publicly proposed buildiog a nuclear *force* in 1951 —two years after the atomic energy commission (CEA) produced France's first plutooium. Ever sioce, determination that France should take, aod subsequently maintain, its place in the nuclear bomb club has been a constant preoccupation of the weapons technocrats who have so steadfastly guided successive Fourth and Fifth Republic governments.

A CEA adviser to M. Pierre Mendes France, the Socialist Prime Minister who gave an ioitial political impetus to the weapoos programme in 1954, describes France's motivation then with words which are still relevaot today: "If in interoational talks you were sitting round a table with a bomb io your pocket, you had more authority. It was like a gang of bandits threateniog to pull their knives."

This determination drew strength from U.S. efforts during the 1950s and 1960s first to block and then to ridicule France's efforts to prodnce A- and H-bombs. And the Greenpeace affair may further stiffen resolve in spite of the coming to power of another Socialist politician, M Francois Mitterrand, who like M Mendes France strongly opposed the 1960s build up of the *force de frappe*.

The bowing of moralist politicians to nuclear arms pressures is nothing oew. The British Labour government in *the 1970s, although publicly* committed against moving towards e new geoeration of nuclear weepons, sanctioned Polaris improvements and did more than the Conservatives to bolster Britain's self-sufficiency in nuclear explosives. Presideot Jimmy Carter, dedicated to eodiog the arms race, decided to build the MX missile and was the first to shift American policies away from preventing, towards *preparing* to fight, a nuclear war.

But M Mitterraod offers a particularly piquant example. Having rejected the French nuclear force in 1964 as contrary to bis notion of France's "mission in the world," he now declares: "*La dissuasion, c'est moi*:" and this week will become the first President since de Gaulle to visit Mururoa.

Chased away from the Algerian *testing grounds to* Polynesia in 1966, forced underground (12 years after tbe U.S., Russians end British) in 1975, Freoch nuclear explosions have been dogged by controversy for 25 years. The process will continue this autumn as the Greenpeace flotilla beads towards the atolls and the trial of the two French agents starts in Auckland.

Io 1963, when the partial test ban treaty was signed, France accounted for less than 1 per cent of the roughly 500 explosions let off by the nuclear powers. Now, out of e cumulotive total of about 1,500, the Frencb share is obout 9 per cent.

In Paris, over the apparent remorselessness of the superpowers' arms race (claimed to be the motor for France's own *driva to* test and improve its weapons) there may be resignation; over Greenpeace, no resignations.

Letters to the Editor

Divide and fall?

From Mr N. de Berry,

Sir, — Michael Cassel brought a most interesting matter to the fore in his September 5 article, "Why new banks may appear on the Thames," which has been the subject of an increasingly urgent debate in the *financial community*.

One of the unknown factors, making London the world's major and largest international banking centre, is surely how the close proximity of businesses to each other influences their prosperity in a changing world of telecommunications, *satellite links and video screens*. To put it another way, tha importance of the market place in the City of today.

When people come together in small or large groups extra power and energy is produced; *if disciplined formally or informally* that can be amazingly productive and satisfying for all involved.

Yet we do not ectually know to what extent the closeness of businesses fans the flames of the City's markets. *Looking* at some other ingredients though; time — zone location, language, offshore banking centre, reasonable regulation, respect for stable democracy; other cities *can claim these.* But what other eities have such a concentration of their international market places in one square mile, where the meeting of customers and competitors happens daily and, indeed, hourly through natural movement about the area? *Is it clear to* what extent this is an important or perhaps essential ingredient in London's ascendancy? *And* taken away, albeit gradually, is it clear how it will erode the effectiveness of the centre, apart from affecting over a *period of time the competitiveness* of those who move beyond reasonable walking distance?

Banks have moved out of the City over the years but some have had *second* thoughts and realised that it must be important to have their traders and marketing people in the centre.

Those financial houses whn are saying "OK, but there is not the space we want, we will make a new market place in the Isle of *Dogs," may be leading* e movement that will eventually divide London, as indeed the international banking centre in New York is divided and second in size to London, and thus reduce its effectiveness drastically; thus beralding the City's fall to some other world centre.

One assumes that they do not consider their own competitiveness would be affected by such a move. Let us hope that, in the spirit of Adam Smith, they have considered the results of their actions on the financial centre as a whole; and let us hope too that the City can find other space for them or make it available nearer the heart of the matter, which I think it can.

Noel A. de Berry,
Noel Alexander & Partners,
5a, Wardrobe Place, EC4.

American business

From Mr B. Cairns

Sir,—Mr Ronald Dore's article (August 28) on American business like so *many today* treats the symptoms rather than the disease. American business managements is a jaded institution, and its $130bn-plus deficit says how badly it has failed.

This is a new era for U.S. business. Prior to the mid 1970s it had little external competition within its huge internal market. Major corporations like GM set the pace, e.g. prices, and junior companies followed *suit. Competition* was conducted by marketing strategies not by innovation and quality. This follow-the-leader approach left consumers with little choice in quality products, and it required little long-range planning.

This approach of competition through marketing led management *to* assume it was the key to success. This diminished the obvious role played by workers and *consumers.* Hence, quality suffered when workers lost interest in wbat they produced, and innovation suffered when consumers could not tell management what they wanted. This continued until imports gave consumers a choice of *better quality* and then they abandoned U.S. products like the plague.

It would be a mistake to try to turn America into a Japan. Japan's life time employment affects 25 per cent of employees, and furthermore, it would not work in the U.S. because workers mova too much. Tinkering with takeover regulation will not work either. The best way to prevent takeovers is to *increase profitability.* Highly profitable companies are rarely subject to takeovers. This is not to say that the U.S. has nothing to learn from Japan.

It *is easy to see all kinds of* pearls of wisdom in Japan's business conduct, but Japan's success has more to do with common sense than culture. Its businesses *have* created an atmosphere where workers feel they are a valued asset, and they maintain a close relationship with customers. This requires an *openness* on the part of business not only to new ideas, but, the willingness to incorporate them into the business. Once American companies open to new ideas, it should not be that difficult to think for the future.

Brian Cairns.
7727 N. Ashland,
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Open all hours

From Mr J. Newman

Sir,—As director of Alcohol Concern Mrs Hayter (*September 6*) shows amazing naivety.

It could well be that France, Italy and Spain, having more liberal licensing-laws than the UK, suffer more from alcohol-related problems but what then are her arguments concerning some of the Scandinavian countries where tha laws are stricter than in the UK but where, from my experience, the visible alcohol-related problems *are greater? I fully accept that* the visible problems do not present e complete picture but I *do* believe they are an indication of its depth.

I have been living in a working-class town in Germany for the last three years, where a crate of beer costs £3, a bottle of Scotch £4, wine (which carries no duty) starts at 60p a bottle and licensing-hours do not, for all practical purposes, exist. Despite these *facts* it has been my experience, and that of my wife, that wherever we have been and regardless of time-of-day, whether alona or *together*, tha signs of alcoholism are far less and the feeling of security is far greater.

I find it rather patronising of Mrs Hayter thet she seeks to *shift* the blame for the problems of tha minority on *to* the well-behaved majority—an event which occurs all too often in Britain—instead of recognising that not necessarily longer but other opening-times could relieve, for many, more problems than she believes they would create for her minority.

It is my *belief*—and *this is* said neither glibly nor arrogantly—that the alcohol-related problems reflect the steadily worsening social standards of the country which this and previous Governments (government includes the population at large, as it is we who elect them) have done precious little to correct other than steadily increasing duties on alcoholic beverages, in order to swell their coffers, under the pretext of protecting the consumer from himself.

The belief that shorter opening-times and prohibitive duties will reduce alcoholism is false. The problems lie in the ever decreasing standards in Britain and years of indifference to their decline.

Tackle tha roots Mrs Hayter not the results and stop being like the teacher who keeps in a class of 30 because two of their number have been caught smoking.

J. C. Newman.
Markusstr. 52,
4600 Dortmund 30,
West Germany.

Denied full rights

From Mrs L. Marazzi

Sir,—I read with great interest the article entitled "Reduced rate may deny you full rights" in "Finance and the Female" on August 31. The subject is of relevance to many women and I would like to add a few remarks.

You suggest, quite rightly, that women should write to the Department of Health and Social Security to find out about their entitlement. In the case however, were a woman has been paying reduced rate contributions, *having "opted out,"* she is considered her husband's dependant and therefore the DHSS will not give the woman any information as the periods of insurance are the husband's and it is he who must ask for the information. This can cause problems before a divorce as the wife will not know if her husband's record will entitle her to at least 25 per cent of the standard rate, below which she gets no pension at all.

In the case of a divorced woman who had opted out, the former husband's contributions are taken *into account to* help to satisfy the contribution conditions. If the woman remarries however, before the age of 60 she will no longer be able to use the former husband's insurance record but will have to rely on the new husband's contributions or on her own.

If the divorced woman remarries a man who has not contributed to the British scheme she loses all entitlement to a British pension, and in most states there are no provisions for a pension for dependant wives. I brought a case on this issue to the European Parliament in order that the Italian and UK legislation in this field be harmonised, but unfortunately without success.

(Mrs) Leonarda Marazzi.
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1211 Geneva 10,
Switzerland

FINANCIAL TIMES
Thursday September 12 1985

Campaigning for West Germany's 1987 election has started already, reports **Peter Bruce**

Bonn opposition loses scent of victory

THE WEST GERMAN Government is slipping in the popularity polls. Chancellor Helmut Kohl's own standing, according to some polls, has never been so low. His Christian Democratic (CDU) party was soundly beaten in the country's biggest state election, in North-Rhine Westphalia, in the spring. Unemployment is at record levels. An economic recovery at home is, at best, tentative. Herr Kohl's Cabinet continues to accumulate scandal, tha latest being the defection of the country's top spy catcher to East Berlin.

The opposition Social Democrats (SPD) came back to Boan from the summer break nearly three weeks ago knowing that the campaign for the next general election in January 1987 had begun. Quite reasonably they began to scent victory, but things since then heve gone wrong with astonishing speed.

Last week only hours before Herr Hans-Jochen Vogel, the SPD leader in parliament, was due to call for the resignation of Herr Friedrich Zimmermann, the Interior Minister, for failing to neutralise Herr Hans Joachim Tiedge, head of West German counter-intelligence against East Germany, before be defected, the SPD treasurer resigned in an uproar over the state of party funds.

Herr Zimmermann remains in office, as he probably would have done anyway, but the SPD attack on him in parliament was swiftly shunted aside by the resignation of Herr Hans-Jürgen Wischnewski as treasurer.

A week later the party allowed itself to be wrong-footed again, this time by an innocuous and unimportant paper written by a defence working group which suggested that West German defence policy should over the next 20 years begin to concentrate on purely defensive measures and have as its final goal the removal of Soviet troops from Eastern Europe and the subsequent withdrawal of U.S. troops from West Germany. The Government leapt gleefully on the leaked document, accusing the SPD of planning something amounting to treachery.

Both the resignation of Herr Wischnewski and the defence paper will probably be forgotten long before the spy scandal, but the two incidents have thrown into sharp focus just how fragile the apparent pre-summer calm in the SPD was.

Despite official denials of any serious financial problems, many SPD officials share Herr Wischnewski's vision of near bankruptcy. Debts, mainly with the union-owned Bank für Gemeinwirtschaft (BfG) are officially put at around DM 60m ($20m). Unofficial totals are as high as DM 200m. The party will have to borrow more to finance a state election in Lower Saxony next year and then again for the general election.

Membership has fallen 40,000 to around 940,000 since the last general election in 1983, and an expensive project to computerise the party nationwide is way behind schedule and over budget.

Into this situation steps Herr Johannes Rau, premier of North-Rhine Westphalia and the man who crushed Chancellor Kohl's party in thet state in May. Herr Rau, 54, is being primed by the party machine as the man most likely to beat Helmut Kohl as candidate for the chancellorship in 1987.

Herr Rau is currently involved in discussions with the party chairman, former Chancellor Willy Brandt, over the latter's insistence that SPD election platforms should not exclude possible co-operation in government with the Greens environmentalist party. Herr Brandt has a soft spot for political minorities, including the peace movement, but Herr Rau will have nothing to do with the Greens. He said so during the North-Rhine Westphalia election and beat them handsomely.

Many MPa on the centre and right of the SPD regard Willy Brandt as a liability and meddler. They charge him at least of failing to discourage the rise of the left within the party, notably in the form of Herr Oskar Lafontein, who won the Saarland for the SPD from the CDU earlier this year and who holds strong reservations about Bonn's commitment to Nato.

Herr Rau will also step into a party where forces pushing for a government-inspired reflation are very strong and where those opposed to such a move are also split. His one strength in this will be the fact that he owes no debts in parliament. He has a working relationship with the heads of industry in North-Rhine Westphalia and it is quite possible he may turn to some of them for advice instead of to his own party colleagues.

He does not have that option on defence and foreign policy, the party's Achilles heel. He has described himself as a "pupil of Willy Brandt on Ostpolitik and of Helmut Schmidt on Nato." That is to say he will want to try and ease tension with the Eastern-bloc while at the same time strengthening the Western military alliance. While the two are not mutually exclusive, they will be difficult to sell as complementary. Helmut Kohl has always made it clear that his priorities lie to the West.

Herr Rau is totally inexperienced in foreign policy and SPD officials already have nightmares about him being pressed for his views on foreign policy points that the party machine has not even thought of.

He may, however, turn his back on both left and right in the SPD in Bonn and bring with him to the capital people be knows and trusts from his state chancellory in Düsseldorf. Two people in particular, Dr Klaus-Dieter Leister, head of Herr Rau's personal office, and Herr Karl-Heinz Bentaler, his chief of planning, are likely to be a particularly powerful influence on Herr Rau.

The likelihood is that Herr Rau will have to run a highly personal campaign in 1987 both to extract himself from the party quagmire and in an attempt to mask divisions in the SPD from the electorate. He is not without hope: He is already a cult figure in North-Rhine Westphalia, where a third of West German voters live.

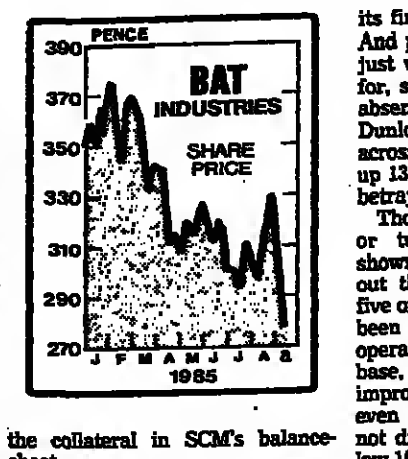
The sooner Herr Rau is nominated, therefore, the longer he will be exposed to a very professional attack. The SPD is still in the throes of trying to modernise fundamental policies adopted in the so-called "Godesberg programme" in 1959 when it turned away from Marxism to social democracy. This effort is still underway and dozens of working groups have until the party convention in 1986 to come up with final policy recommendations.

That probably means that more "ideas" potentially embarrassing to Herr Rau will surface between now and next autumn's conference. His best hope is that the Government, undeniably prone to political scandal but curiously hard to damage, makes a really serious mistake.

THE LEX COLUMN

Chesty sounds from BAT

If the BAT results had suffered from nothing worse in the first half of the year than a £116m reverse on the translation of foreign currency earnings the share price would probably not have dropped yesterday by 45p. Though the market hed unquestionably underestimated (and by about £50m) the cost of harder sterling rates against non-dollar currencies, disappointment with BAT'e £449m profit before tax had much more to do with a poor operating performance in retailing and insurance.



The company's return to favour was not founded on the expectation that underlying profits would fall in 1985, even by a marginal 5 per cent.

There is some question whether the old problem with BAT – an uncertain touch in diversification – may not be resurfacing. Though Allied Dunbar was regarded with suspicion when BAT acquired it, its initial contribution is well up to the mark. But Eagle Star has gone through the mangle of the UK motor account, and is still picking up market share with almost worrying determination.

Meanwhile the sickly outcome in U.S. retailing has reawakened doubts about the quality of some of the stores; not everybody is convinced that BAT should persevere with Gimbels. At least BAT's dividend growth remains well above the going rate; a handsomely-covered 6 per cent yield (at 278p) should persuade doubters to live with the volatile earnings – even if a multiple of 6 is perhaps not low enough to bring back many unbelievers.

Hanson/SCM

It was not entirely clear last night whether Hanson Trust would bow out gracefully from its battle with the managers of SCM, but Wall Street had certainly made up its mind: SCM's share price drifted well below yesterday's $74 a share offer from the management consortium which, given a sceptical discount for the debt securities on offer with the buyout, argued the English had been repelled.

Hanson could still surprise Wall Street, as it has done before. If the management of SCM thinks the business is worth $74 a share – and it presumably should know – then the City may be wrong in holding that the original Hanson offer was full and fair enough. It is also hard to imagine Hanson's U.S. bankers would refuse to back an offer of up to $1bn, even given the premium to the collateral in SCM's balance-sheet.

Yet although the management consortium is only making 80 per cent of its offer in cash, the proposal has the virtue of being plausible: unlike the attempted buyout at U.S. Industries, Hanson's last great U.S. victim, the finance is already in place. The cost to SCM's shareholders is an option for one of the management's backers, Merrill Lynch, to buy the company's best businesses at what look like bargain multiples. Whether Hanson might itself have sold the titanium dioxide and food interests is beside the point; in effect, Merrill Lynch is taking the potential discount to market multiples as its fee for saving the management.

If Hanson has been rebuffed in New York, it can at least draw encouragement from London where one of its better fancied targets yesterday lost a few more friends. Bowater Industries managed to produce interim pre-tax profits which, at £13.2m, were below even the most unenthusiastic forecasts; and if Bowater's profits were depressed by the heavy revenue costs of modernising basic businesses well, that is all grist to the Hanson mill.

It could be that investment in the tissue division and in paper, as well as the cluttered merchanting and services division, will show through next year. But with pre-tax profits unlikely to be much over £40m this year, Bowater will be vulnerable in the short term and is probably less well-protected by prospects than Hanson's traditional distaste for partners, such as Bowater-Scott.

BTR

The foreign exchange tribulations of BAT have not been visited upon BTR. Despite switching from average to period rates, it seems that the total effect of currency on its first-half profits was negligible. And pre-tax profits of £151m were just what the market was looking for, set into brighter relief by the absence of a rights issue to pay for Dunlop – which had been a shadow across the shares for some while; up 13p yesterday to 350p, the price betrayed considerable relief.

Though the newly labelled "sales or turnover" total would have shown relatively little growth without three months of Dunlop and five of Nylex, there would still have been pretty reasonable growth in operating profits; on the existing base, BTR evidently continued to improve its return on sales – and even the inclusion of Dunlop has not dragged the group margin below 10 per cent.

The assimilation of Dunlop appears to be going according to plan; BTR's capital gearing should be down from 100 per cent to a less racy 65 per cent by the year-end, and an initial contribution to operating profit is already in the bag; of the £16m thrown up by BTR's two acquisitions, Dunlop apparently generated the greater part. With better returns on these new assets, and a falling interest charge, BTR should not be too far short of £400m at the full year (currency permitting).

Home Loans

It may not amount to the arrival of a U.S. style securitised mortgage market – tradable mortgage-based bonds remain a tantalising possibility – but flotation of the National Home Loans Corporation will give mortgage lenders a new way to overcome the illiquidity of bricks and mortar. And it should also give investors an opening into the tempting gap between mortgage rates and the cost of wholesale funds. No surprise that the issue could have been fully subscribed without a public offer.

With £50m of equity to gear up, and as much in very cheap convertible stock, Home Loans will be able to support a large mortgage book from the outset. And the fact that local authorities have piles of unwanted mortages waiting to be reassigned, while insurance companies not equipped with Home Loans' overdrive facility may be equally willing to shed some of their load, means that the assets will not be hard to assemble.

Exploiting this opportunity should get the company off to a good start; in the longer term, the company's success will depend equally on picking up some share of an increasingly cut-throat retail market.

Strasbourg approval for Spain, Portugal

By Quentin Peel in Strasbourg

THE EUROPEAN Parliament yesterday ratified by a large majority the terms of EEC membership for Spain and Portugal, due to take place on January 1 next year.

The vote – a legal requirement of the Treaty of Rome – means that the Strasbourg assembly now joins the national parliaments of Spain and Portugal themselves, and of Belgium, in approving the mass of detailed legislation involved in the accession terms. All the other nine national parliaments have yet to complete the ratification before the ten can become twelve.

Both French Gaullists and members of the extreme right-wing group of the European right abstained in the European Parliament after voicing their fears about the consequences of enlargement for Mediterranean countries inside and outside the EEC.

The outright opponents of enlargement consisted principally of Communist members from France, Denmark and Greece, backed by anti-marketeers from Denmark.

Spanish and Portuguese membership of the Community is likely to increase the competition for major agricultural products from Mediterranean states, such as wine, olive oil, and citrus fruits.

The European Parliament report expressed concern that the cost of such consequences be borne by the whole Community and that measures also be taken to offset the costs of enlargement for non-EEC Mediterranean states.

The MEPs also called for prompt action to speed up Community decision-making

UK warned on need to ensure 'soft landing' if dollar falls

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE UK Government should be prepared to relax fiscal policies as part of a worldwide co-operative effort to cushion the effect of future falls in the dollar, an influential committee of British MPs said yesterday.

The all-party Treasury and Civil Service committee says that Japan and West Germany are the two countries best placed to expand demand in reaction to the effects of a falling dollar.

The committee notes that France and the UK both have external accounts in balance, "though for France there may be a concern that inflation has not been reduced sufficiently."

The committee's report on international monetary arrangements focuses on the major imbalance between the U.S.'s budget trade deficits on the one hand and Japan's trade surplus and surplus of savings on the other hand.

The best solution, the committee believes, would be a "soft landing" for the dollar resulting from further efforts to cut the U.S. federal budget deficit, with perhaps some easing of monetary policy by the U.S. Federal Reserve.

However, any reduction of the U.S. trade deficit, whether accompanied by a fall in the dollar or not, would necessarily mean that other countries' trade surpluses were cut.

The committee says, therefore, that some other stimulus would be needed to maintain the pace of activity while at the same time leaving room for the reduction of the U.S. trade deficit.

"Apart from the direct needs of the industrialised countries themselves, the stimulus will be essential for the health of those countries with heavy debt burdens," the committee says.

One of the major reasons why an adjustment in the U.S.'s external position is necessary, the committee says, is that "the risk of a return to a contagious round of protectionism has to be taken seriously.

"If remedial action is not taken, we fear for the future of the world's trading system."

For Japan, it recommends an expansion of domestic demand along with measures to reduce barriers to trade and financial flows.

For the UK, it says that "if growth does fade, we hope that the Chancellor (of the Exchequer) will be prepared to take the view that in the circumstances the Public Sector Borrowing Requirement projections are not immutable."

And if the dollar falls, it says there should be no difficulty in financing a more expansionary PSBR.

● In a memorandum to the committee published separately, the West German Bundesbank, the central bank, argues that the UK should become a full member of the European Monetary System.

Fireman's Fund sale set to raise $600m

By Paul Taylor in New York

AMERICAN EXPRESS, the U.S. financial services group, yesterday detailed its previously announced plans to spin off its troubled Fireman's Fund property/casualty insurance unit through a public share offering which values Fireman's Fund at almost $1.7bn.

The move, which will involve the public offering of 32m shares, will reduce the American Express holding in the insurance company to 45 per cent and generate about $600m in proceeds for the parent.

Under the terms of the plan detailed in a U.S. securities and Exchange Commission (SEC) filing made yesterday, the 32m shares being registered comprise 24m being sold by American Express and 8m new shares issued by Fireman's Fund. An additional 3.2m shares of Fireman's Fund owned by American Express will be available to cover underwriters' over-allotments.

American Express said yesterday that it expected the shares to be offered at between $24 and $27 each. Upon completion of the deal assuming, the underwriter's over-allotment option is not exercised, American Express said it will hold about 45 per cent of Fireman's Fund's then outstanding 66m shares, with the West Coast insurance group's employee stock ownership plan holding about a 6 per cent stake.

Tha public offering will be underwritten by Shearson Lehman Brothers, the American Express Wall Street unit and Salomon Brothers.

When completed, the restructuring will bring about American Express's long-awaited disengagement from its troubled insurance unit, the problems of which first emerged in late 1983 and which have dogged the financial services group's earnings ever since.

American Express first unveiled its plans to restructure Fireman's Fund in June when it announced the surprise resignation of Mr Sandford Weill, American Express president, who also served as chairman and chief executive of the insurance unit.

Since then American Express has announced a further $187m addition to loss reserves at the unit and brought in Mr John Byrne, chairman and chief executive of Geico, a major U.S. motor insurance group, to head the unit.

Last month, in preparation for the share offering, American Express's travel-related services company paid $330m in cash to acquire Fireman's Fund's profitable life and accident-health insurance operations.

Fireman's Fund ranks as the nation's 10th largest property and casualty insurer, and like others in the U.S. industry it has been hard hit by large underwriting losses since 1980. Although there are indications that the sector is starting to reverse a long-term adverse pricing cycle, Fireman's Fund has continued to post net losses – despite profits from its significantly smaller, and now transferred, life operations.

Last year the property/casualty operations recorded a net loss of $7m on $2.8bn in premium income and $429m in investment income.

Howe fails to repair rift with Nigeria

Continued from Page 1

A fund agreement, be pointed out, would "open the way to new credits." An agreement with the IMF has been made a condition by Western export credit agencies to the rescheduling of about $2bn in insured trade arrears.

Sir Geoffrey's views may well be supported by Mr Kalu Kalu the country's new Finance Minister. In an interview with a local paper last October, Mr Kalu was reported as saying that Nigeria "needs the IMF loan ... we need the breathing space."

He said there was nothing sacrosanct about an exchange rate. "It should not be regarded as a national flag but as an instrument that should be adjusted to attain specific policy objectives."

Sir Geoffrey asserted that Britain would do all it could to "ease Nigeria's poth" in difficult negotiations with the IMF for a loan that could exceed $2bn.

Questioned on South Africa, Sir Geoffrey attempted to play down the extent of the wide divergence on policy between Britain and Nigeria. There was "total agreement" between the two sides on the need to dismantle apartheid, "even if we do not see eye-to-eye on how best to tackle injustice there."

Britain 'leads Japan' with new products

Continued from Page 1

time, when it is too late, that the research to underpin the developments of the 1990s has not been done."

The Japanese were also much more satisfied with the effectiveness of non-university, government-financed research institutions than those in the West, perhaps because such institutions are more widely established and accepted in Japan than elsewhere. Dr Avison suggested that they existed in Europe and the U.S. but were obviously not being exploited by industry. Half the British executives had no opinion on the effectiveness of these institutions.

The Japanese look to new technologies to help them develop new products while Western countries seek to use technology primarily to reduce costs or raise output, a difference which Dr Avison believes shows the Western countries as having a fairly defensive approach to international competition.

The Japanese commitment to technology was also reflected in the relatively frequent appointment of a board member responsible for technology. Of the 35 Japanese executives questioned, 10 had such a board member, whereas only one in Britain and two in the U.S. did.

The points of agreement among the executives were also surprising. They were virtually unanimous in finding that trade unions were not a major obstacle to the introduction of new technology in industry.

The executives also agreed, with one dissenting voice, that high interest rates were not an obstacle either. The Americans and West Germans were most concerned about government regulations and restrictions, a factor raised by only one British interviewee. The Japanese and British, on the other hand, were worried about the lack of qualified technical staff.

But the Mori interviewers, who aimed to speak to executives in the top 12 companies in each sector in each country, detected a significant difference in the attitudes of the Japanese and British toward the staff problem. The Japanese, it seems, are worried mainly about the quality of technology graduates coming out of universities, while Western, and especially British, executives are upset about the inadequate quantities of them.

Attitudes to New Technology – An International Survey, PA Technology, 32 Old Queen Street, London SW1H 9HP.

Botha move on citizenship

Continued from Page 1

ary reform, the Right Reverend Desmond Tutu, the Nobel Peace Prize-winning Anglican Bishop of Johannesburg, called for a nationwide strike.

Addressing a conference of 400 black and white church leaders in Pietermaritzburg, Bishop Tutu said he would call on black South Africans to stage a week-long strike next month unless the Government agreed to: lift the state of emergency; remove the army from black townships; charge or release detained political prisoners; and engage in talks with black leaders.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	23	73	Malaga	S	30	86	Salzburg	S	20	68
Akrotiri	S	28	82	Faro	F	27	81	Malta	F	28	82	Seoul	C	25	77
Algiers	S	30	86	Florence	S	27	81	Manila	C	33	91	Singapore	C	32	90
Amsterdam	S	20	68	Frankfurt	S	21	70	Miami	C	30	86	Stockholm	C	12	54
Athens	F	25	77	Funchal	—	—	—	Milan	S	24	75	Strasbourg	S	20	68
Bahrain	S	38	100	Geneva	S	20	68	Moscow	C	10	50	Sydney	S	10	50
Bangkok	S	33	91	Gibraltar	F	26	79	Munich	S	18	64	Taipei	S	34	93
Barcelona	—	—	—	Guernsey	S	19	66	Nairobi	C	27	81	Tangier	F	29	84
Beirut	F	29	84	Helsinki	R	12	54	Naples	S	28	82	Tehran	—	—	—
Belgrade	F	20	68	H. Kong	S	29	84	New Delhi	S	37	99	Tel Aviv	F	29	84
Berlin	S	18	64	Innsbruck	S	21	70	New York	S	26	79	Tenerife	—	—	—
Biarritz	S	28	82	Inverness	F	13	55	Nice	S	25	77	Tokyo	R	26	79
Blackpool	S	20	68	Istanbul	F	22	72	Oporto	S	32	90	Toronto	S	16	61
Bordeaux	S	28	82	Jersey	S	21	70	Oslo	S	17	63	Tunis	S	30	86
Brussels	S	21	70	Jo'burg	S	25	77	Paris	S	23	73	Valencia	F	27	81
Budapest	F	20	68	Las Palmas	—	—	—	Prague	S	19	66	Venice	S	—	—
B. Aires	S	18	64	Lima	C	18	64	Reykjavik	R	12	54	Vienna	S	21	70
Cairo	S	34	93	Lisbon	F	25	77	Rio de J'o	S	27	81	Warsaw	C	16	61
Cape Town	F	16	61	Locarno	S	22	72	Rome	S	26	79	Zurich	S	19	66
Caracas	S	28	82	London	S	23	73								
Casablanca	F	25	77	Los Angeles	C	22	72								
Copenhagen	S	17	63	Luxembourg	S	19	66								
Corfu	S	26	79	Madrid	S	29	84								
Dublin	S	19	66	Majorca	S	30	86								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Hanson drops SCM bid

Continued from Page 1

be had estimated that the company was worth between $73m and $79m.

Mr Lloyd added that the proposal to sell the pigments division in what he called a "sweetheart deal", made it very difficult for Hanson to proceed with its offer. This division contains SCM's titanium dioxide business, which is the fastest-growing profits earner in the company and makes the largest single contribution to earnings. The consumer foods division is also expected to generate strong profits over the next few years and is a highly saleable commodity in current market conditions, where food companies have been the subject of several takeover bids.

In the year to June 30, SCM reported net income of $41.8m, or $4.20 a share, on sales of $2.18bn. Analysts expect it to move into a strong recovery phase this year, however.

If the management buyout proposals go through, it is also likely to shed several of its businesses to pay debt taken on to finance the offer. Among the most likely assets to be sold are its paper and pulp interests and its Smith-Corona portable typewriter division, which has been hard hit by Japanese competition.

JOBS COLUMN

What happened to new university graduates

BY MICHAEL DIXON

£1,200M is a fair deal of money. It is roughly the sum British taxpayers invested in the higher education of the people covered by the accompanying table—60,802 men and women who gained bachelor-level degrees at United Kingdom universities in the summer of last year.

They do not represent the whole of the universities' 1984 output at bachelor level. Besides them, there were 4,575 who took first degrees in medicine, dentistry and veterinary science who are excluded from my figures. Also left out of reckoning are 7,596 graduates in various subjects of whom the universities had lost trace by December 31 when they took stock of what had happened to the previous summer's degree-winners.

	Engineering and technology Number in 84	Engineering and technology Change on 74 %	Sciences Number in 84	Sciences Change on 74 %	Management, economics and accountancy Number in 84	Management, economics and accountancy Change on 74 %	Other social studies Number in 84	Other social studies Change on 74 %	Arts Number in 84	Arts Change on 74 %	All subjects* Number in 84	All subjects* Change on 74 %
Engineering and allied industry	3,196	+ 52	1,673	+ 66	237	+ 56	235	+ 44	164	+ 50	5,505	+ 56
Other industry including agriculture	2,676	+ 9	1,730	+ 12	379	+ 99	484	+ 32	482	+ 70	5,751	+ 19
Accountancy	189	+ 80	827	+ 74	1,039	+155	841	+124	431	+182	3,327	+119
Banking, finance and insurance	77	+ 97	561	+ 54	431	+299	509	+143	518	+151	2,096	+127
Other commerce, leisure and entertainment industry	550	+ 14	1,974	+ 78	381	+ 34	1,523	+ 11	2,200	+113	6,628	+ 55
Education**	103	+ 58	443	− 12	47	+ 9	958	+122	391	same	1,942	+ 35
Armed Forces	171	+217	143	+165	32	+433	105	+218	93	+258	544	+214
Other public services	471	− 27	1,421	same	197	− 19	1,327	− 7	938	− 7	4,354	− 8
Further academic study	1,067	+ 20	3,491	+ 9	151	− 25	985	− 5	1,046	− 4	4,740	+ 5
Teacher training	85	− 51	1,050	− 47	90	− 50	659	− 50	1,722	− 49	3,606	− 49
Other training including law	279	+ 98	518	+ 51	159	+112	3,269	+ 85	2,077	+ 72	6,302	+ 78
Returned or went overseas	1,652	+169	889	+ 72	346	+156	894	+ 93	928	+ 20	4,709	+ 76
At best short-term job in UK	983	+132	2,531	+ 97	460	+ 72	2,396	+ 71	2,928	+ 76	9,298	+ 85
Total	11,499	+ 37	17,251	+ 25	2,949	+ 72	14,185	+ 37	13,918	+ 23	60,802	+ 32

* Excluding medicine, dentistry and veterinary science. ** Mostly in universities, polytechnics and colleges.

What the table does is to take the 60,802 non-medical types whose whereabouts were known at the end of the year, and show broadly where they went to. In the case of each destination such as "engineering and allied industry," I have also shown how its 1984 take-up compared with its take-up 10 years before when there were only about two new university graduates for every three last year.

The degree-winners are split into five subject groups. First comes engineering and technology including architecture. Second are sciences including mathematics. Next come three of the more generally work-related subjects in the social studies area — management studies, economics and accountancy. Fourth come other social studies including law and geography as well as sociology and psychology. Fifth are arts subjects. Then follows each destinatioo's take-up of graduates in all subjects.

It is sad, of course, that 1984's biggest taker in all-subjects terms was "at best a short-term job in the UK." But since employment prospects for oew graduates have evidently much improved, next December's count should show more satisfactory results.

The at best short-term category includes people not available for employment and those believed unemployed in addition to those in only temporary work. All told, they numbered 9,298 last year, 15.3 per cent of the total of 60,802. Broken down into subject groups, however, the percentages in the category vary. Engineering and technology did best with a mere 8.5 per cent. Management, economics and accountancy did next best with 11.6, followed by sciences with 14.7 and other social studies with 16.9. Arts people did worst with 21 per cent.

While the short-term category's take-up was 85 per cent higher than in 1974, there were three other categories which increased their intakes even further in the 10-year period.

The prize went to the Armed Services, which more than trebled their number. But they started from a very small base in 1974 when they recruited only 173 new university graduates. With that exception, the leading cootenders in the race to increase their recruitment of degree-winners were the banking, finance and insurance sector, and accountancy. Both more than doubled their intakes by comparison with a decade before.

The engineering aod allied industry sector did not do badly either. Its 56 per cent increase in take-up was well ahead of the 32 per cent rise in the universities' total output.

The biggest decrease was in the numbers going to train as schoolteachers. The cut was intended, of course. It began with the decision of the Labour Government in the mid-1970s to reduce student places on teacher-training courses in line with the decline in the UK's school-aged population — a policy which the Conservatives continued.

In the circumstances Sir Keith Joseph, the present Secretary for Education and Science, may even feel pleased to see that the intake of scientists loto teacher training fell less than did the intakes of other kinds of graduates. After all, be is particularly concerned to improve the science edocation of the couotry's children.

But giveo that the teachers' pay dispute is oow seven months old and shows no sign of ending, I doubt that the intake of 1985's oew graduates into teacher-trainiog will give him anything to feel pleased about at all.

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Our Client, a leading UK broker with a substantial share in the gilt-edged market, is seeking highly motivated salesmen. Candidates should have a track record in fixed interest markets, although more emphasis will be placed upon proven sales ability and dedication than direct experience in the gilt-edged market.

The gilt-edged market is entering a period of rapid change and our Client is fully committed, as an authorised market maker, to be a major player in the new environment. The firm sees the new gilt-edged market as part of its strategy of further expanding its role in international capital markets through its offices in London and overseas. As such the potential career prospects for the appointee are very considerable as will be reflected in his/her remuneration.

Please reply in the first instance (quoting ref 677), to Digby Dodd at Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Telephone: 01-248 0355.

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ECONOMISTS/ECONOMETRICIANS

The Economics Department and Treasury Division of Barclays Bank both have a number of vacancies for Economists and Econometricians.

THE ECONOMICS DEPARTMENT — is situated in Poole, Dorset and employs over 30 graduate staff, engaged in varied research work. Emphasis is on applied work with a view to assisting senior Bank management in decision making, as well as providing a service for the Bank's customers at home and abroad. The Department is divided into three main economic sections dealing, respectively, with developed economies and financial markets, industry analysis and country risks. Current vacancies would be particularly suitable for Economists with an interest in international financial markets. Candidates should possess a good degree in economics and preferably some relevant work experience, although opportunities exist for young graduates with good qualifications. Salary will be in the range £8,000 – £11,500 depending on experience.

A further vacancy exists for an Econometrician, who would join the small econometrics unit which undertakes appropriate research to support the economic sections. The ideal candidate should have a strong econometrics qualification, preferably with some applied work experience. The salary for this post will be approximately £13,000. Good career opportunities exist.

TREASURY DIVISION — Located in the City, Balance Sheet Management Section currently has 7 graduates with economics or related degrees (e.g. statistics and mathematics) who help formulate policy on the management of the Bank's balance sheet and provide day-to-day advice on interest rates and short-run dealing strategies. There is a good balance between regular duties, ad hoc problem solving and longer term research work.

There are currently two vacancies, for applicants who between them will be able to assist in the production of regular balance sheet and interest rate forecasts, advise on the use of new money market instruments and help to monitor changes in balance, risks and financial developments. Applicants will probably have a degree in economics, econometrics, statistics or mathematics, *with at least one probably having either a master's degree or good practical experience.*

There is a well-established career structure within the Section and good opportunities for further progression. The minimum starting salary, inclusive of London Allowance, for a new entrant is £9,000 but could be as high as £16,500 depending on experience.

In all cases the jobs carry substantial fringe benefits, including non-contributory pensions, bonus and profit-sharing schemes. If interested in any of these posts, write enclosing c.v. to either:–

Mr D Gorman, Manager,
Economics Department, Barclays Bank PLC,
Barclays House, 1 Wimborne Road,
Poole, Dorset EH15 2EB;
or to
Mr R O Close,
Assistant Treasurer, Barclays Bank PLC,
Treasurer's Department,
29 Gracechurch Street, London EC3V 0BE.

Candidates may wish to be considered for both areas in which case they should indicate their preference.

BARCLAYS

Major Merchant Banking Group

Director of Personnel

The City of London — c.£50,000 + benefits

Our Client is one of the major groupings arising out of the City's current reorganisation. Their activities include all aspects of International Merchant Banking, Securities Trading and Investment Management. We have been retained to help find a Group Personnel Director – this is a new appointment.

Our Client seeks a person who will take charge of and develop the existing Personnel Department. The key areas for attention are the integration of newly acquired businesses, recruitment, management development, remuneration, pensions and overseas employment etc.

Candidates are not likely to be less than thirty-five or more than forty-five and should combine a high intellectual level with Personnel skills. Ideally they will have worked in the Financial area but, alternatively, will be able to combine experience in forward looking 'people orientated' businesses with some exposure in the management consultancy field.

In addition to the salary which is negotiable and which will reflect tha exceptional degree of personal involvement called for, there will be the normal senior level benefits including a subsidised mortgage.

Please write in the first instance in confidence to Colin Barry, Senior Partner, Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Telephone: 01-248 0355. Please include a detailed and specific curriculum vitae stating achievements to date and current remuneration.

Overton Shirley & Barry
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A challenging position with scope to build an effective administration team and to move to a more senior position in London or New York within 2-4 years.

DIRECTOR OF ADMINISTRATION – INVESTMENT BANK

CJA

LONDON – CITY **£28,000 – £45,000**

LONDON ARM OF A MAJOR U.S. INVESTMENT BANK

For this new position we invite applications from administrators aged 28-40 with an accounting qualification, ACA, ACCA, or ACMA, who have achieved not less than 5 years' practical administration and accounting experience and are now likely to hold the administration position of either number one or number two in an investment or merchant bank. Responsibilities are widely drawn and will cover; to study existing accounting reporting systems, the establishment of tight monthly reporting systems in line with both the London and New York requirements, and the administration relating to bond and equity settlements and arbitrage, etc. as well as the London personnel administration function. A forceful yet diplomatic personality and the ability to mould the London communication and information systems to fit with the New York requirements is important. Initial salary negotiable £28,000-£45,000 + car, non-contributory pension, free life assurance with free family BUPA. Applications in strict confidence under the reference DA4378/FT to the Managing Director: CJA.

Scope to move to position of a Senior Dealer within 24–36 months.

INVESTMENT DEALER

CJA

LONDON **c. £35,000**

AUTONOMOUS BRANCH OF A MAJOR INTERNATIONAL BANK

This vacancy calls for dealers, aged 25-35, who have gained at least 2 years' practical experience in fixed interest dealing acquired either in a stockbroking box, a merchant bank or European House. The successful candidate will be responsible for executing the dealing on behalf of clients of the bank and the bank's investment managers. The ability to work as part of a progressive and united team, a sense of humour and a positive competent manner are essential requirements. Initial salary negotiable by way of high basic salary + bonus, c. £35,000 + car, mortgage subsidy and contributory pension, free life assurance, free family BUPA, assistance with removal expenses if necessary. Applications in strict confidence under reference ID4379/FT, on 01-638 0553 or by post to the Managing Director: CJA.

Opportunity to advance to Head of Department within the medium term.

SENIOR DOCUMENTARY OFFICER – FOREIGN DEPARTMENT

CJRA

CITY **£16,000 – £20,000**

LEADING INTERNATIONAL BANK, A PRIME NAME IN THE MARKET

We invite applications from candidates aged 28-35, who must have had significant banking experience in documentary credits, bills and other trade finance related instruments. Some supervisory background is essential and a second European language will be an advantage. As number two in a professional and developing team the successful candidate will be responsible for motivating and controlling a staff of 20, ensuring the smooth running of the Foreign Department on a day-to-day basis. There will be some liaison with customers and the selected applicant will work closely with the Head of the Department in business development matters and deputise for him in his absence. Essential qualities are sound technical abilities plus management, commercial and communication skills. Initial salary is likely to be in the range £16,000-£20,000 and will be supplemented by the full range of banking benefits. Applications in strict confidence under reference SDO/17081/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576 TELEX: 887374. FAX: 01-638 9216

PLEASE ONLY CONTACT US IF YOU ARE APPLYING FOR ANY ONE OF THE ABOVE POSITIONS. HOWEVER, ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE 01-628 7539.

General Management

Forth Valley Health Board

£30,000

Forth Valley Health Board has a budget of £85 million and 6,000 employees, providing health services for a population of 275,000 throughout Central Scotland.

A new appointment of General Manager is to be made, responsible to the Board for all aspects of financial and general management and responsible on behalf of the Board to the Secretary of State for efficient and economic administration. Emphasis initially is on strategic and resource planning, developing effective organisations and implementing agreed programmes.

The requirement is for a record of success in a general management or senior financial role within a large complex organisation, ideally encompassing a period of major change. A knowledge of the Health Service would be valuable, as would familiarity with the Scottish scene.

Salary: Negotiable around £30,000.

Location: Stirling.

Please write in complete confidence to Peter Craigie as adviser to the Board. Closing date is 27 September 1985.

Arthur Young Management Consultants, 17 Abercromby Place, Edinburgh EH3 6LT.

Arthur Young Executive Selection
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BBC ENTERPRISES

CHIEF EXECUTIVE

COMMERCIAL OPERATIONS

BBC Enterprises Ltd. is the commercial arm of the BBC. It is being re-organised into three major marketing and trading divisions:-

Programmes — responsible for the worldwide exploitation of BBC programmes and related books, records and home video.

Education and technology — which sells programmes and books for education, training and computer software and hardware.

Journals — producing such titles as *Radio Times*, *The Listener* and *Wildlife*.

For the first time a Chief Executive is to be appointed, reporting directly to the Deputy Director General of the BBC, who will co-ordinate all commercial activities and will review and implement marketing strategies across the three divisions. Annual turnover is currently some £100 million and profits generated are essential to help fund domestic radio and television programmes.

This is a unique opportunity for someone with a proven record of profit achievement in a sales led organisation, who will probably have a marketing background, but will certainly have leadership skills of a high order.

Based in West London, relocation expenses will be considered. Starting salary will be around £40,000 with car.

Applications should be addressed to Christopher Martin, Director of Personnel, BBC, Broadcasting House, London, W1A 1AA.

Closing date for applications Thursday 3rd October 1985.

We are an equal opportunities employer

RISK INVESTMENT

The City Office of 3i develops investment opportunities, often in special risk situations, principally with listed and larger private industrial and commercial companies and also in the shipping and energy industries. It will invest up to £35 million in any one proposition. Recent assignments have included funding capital projects; lending with and without equity participation; and providing equity and loans for management buyouts and recoveries. We have 20 executives working in five teams.

We are looking for

Controllers

You will become involved in the analysis and assessment of a company's business; negotiations with the company's management and its professional advisers; and in the monitoring of our existing investments.

You have the following profile:

Age: 25-32

Background: University degree and further qualification, probably as a Chartered Accountant, Lawyer or Business School graduate. You should have had experience of contributing to the decision-making process in a commercial environment.

Other Essential Qualities: You must be a self-starter, have an eye for detail, be able to work under pressure and write concisely.

One of the posts will be filled by a numerate person who has experience in financial modelling on main frame and micro computers and would be interested, in the first instance, in working on leasing for ships and energy finance.

The total remuneration package will be fully competitive in the financial sector.

Please send a current CV to Kathleen Rawle, Personnel Manager, Investors in Industry plc, 91 Waterloo Road, London SE1 8XP. Tel: 01-928 7822.

3i

THE CREATIVE USE OF MONEY

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c.£20,000 + substantial bonus

This large and well-known international bank is one of the major forces in the development of marketing and trading of new treasury instruments. The position forms an integral part of what is probably the largest 'special products' team in Europe. They have established a sophisticated global trading capability, and an aggressive and highly successful marketing strategy.

This position has primary responsibility for marketing financial futures to clients but would also involve exposure to F.R.A.'s, options and interest rate swaps. There is considerable scope to develop new marketing policies and the job would be 'worldwide', probably including c.20% overseas travel as far afield as the U.S.A. and Far East.

Candidates, ideally graduates with a business or numerate degree, should be aged around their mid 20's, with at least two years experience of marketing financial futures. They may currently be working in a bank or broker, but must demonstrate the ability to succeed in an institution of quality. This position provides an unusual mix of considerable freedom with the support of a large organisation; the environment is aggressive, professional and well-suited to high achievers.

Interested candidates should contact Kevin Byrne on 01-588 6644 (8.30a.m. - 7.00p.m. on Thursday September 12th) or send a detailed C.V. to the address below. All applications will be treated in strictest confidence — informal discussions are welcomed.

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Central Trustee Savings Bank Limited

LEASING APPOINTMENTS

City

Central Trustee Savings Bank Limited, a part of the TSB Group, has recently experienced considerable growth in its leasing activities.

The bank now wishes to further develop its asset financing activities by making the following appointments:

LEASING EXECUTIVE

Remuneration to £20,000 pa + bank benefits

Reporting to the Leasing Manager, responsibilities will include:

- identification, evaluation and development of leasing and other asset financing opportunities arising both from the bank's customers and other sources.
- structuring of leasing packages to meet customer requirements.
- assessment of credit risk and the negotiation of new business transactions and associated documentation.

Applications are invited from individuals with at least 3 years' experience of the leasing market covering medium and 'big ticket' transactions. A professional qualification in banking, accounting or law is highly desirable.

LEASING ADMINISTRATOR

Remuneration to £16,000 pa + bank benefits

An experienced Administrator is required to service the bank's expanding portfolio of leased assets. Reporting to the Departmental Head – Leasing, the responsibilities of the successful applicant will include:

- administration of new and existing leasing facilities.
- credit control and monitoring of asset insurance.
- settlement of terminations including disposal of equipment.
- agreement of rental adjustments.
- control and development of lease recording systems.

Applications are invited from individuals with several years' experience of lease administration, related in particular to 'big ticket' transactions. A knowledge of computerised lease administration systems would be an advantage.

The successful applicants for both positions will be able to work on their own initiative and enjoy working in a small team. In addition to the remuneration indicated, other benefits include a subsidised house purchase mortgage and non contributory pension.

Please apply in confidence enclosing a full CV to: Mr G. A. Jones, Personnel and Training Manager, Central Trustee Savings Bank Ltd., PO Box 99, St Mary's Court, 100 Lower Thames Street, London EC3R 6AQ to arrive no later than 30th September 1985.

TSB BANK

ASSISTANT MARKETING SUPPORT CO-ORDINATOR

A leading international investment group requires an Assistant Marketing Support Co-ordinator to administrate training efforts in London for Account Executives and Managers and to act as UK support for all advertising and marketing efforts generated in the U.S. including the marketing of core products. At least 3 years' relevant experience required, ideally gained in U.S. brokerage environment, to include knowledge of U.S. regulatory bodies' requirements. Aged 20-25. Salary circa $26,000.

Please write in strictest confidence, enclosing curriculum vitae, to Box A9116, Financial Times 10 Cannon St, London EC4P 4BY

AT A CAREER CROSSROADS?

We require executives preferably in their 40s with a background in industry, commerce or the professions, to be trained to offer a wide range of financial services to businesses, professional intermediaries and individuals. Income is not limited and benefits are provided.

Write to: R. Armstrong or M. J. Talbot, HILL SAMUEL INVESTMENT SERVICES LTD, 60 Pall Mall, London SW1Y 5JQ or Telephone 01-839 1012

TRAINEE BROKER

A vacancy has arisen for a Trainee Broker. The successful applicant will be aged 23+ and of a smart appearance. No previous experience necessary as full training will be given.

For a confidential interview Telephone Andrew Chilver on 01-493 8671

SPANISH-SPEAKING GRADUATE with min. two years' banking experience to join dynamic international Audit team. ASB Recruitment, 52/54 Carter Lane, EC4. Tel 248 0820, Shelagh Arnell

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£16,000 to £20,000 plus excellent benefits

Our client is a well-known City institution with a considerable presence in the financial services market. In line with their current expansion plans, they seek two additional fund managers to join the growing Investment Team which is responsible for funds totalling several billion pounds.

UK Equity Fund Manager

As a key member of a team of three, managing the UK equity portion of substantial life and general funds, the successful candidate will be fully involved in day-to-day fund management, as well as the overall formulation of investment strategy and maintain close liaison with in-house research facilities.

Fixed Interest Fund Manager

With joint responsibility for day-to-day management of UK fixed interest funds in excess of £1 bn, this individual will also be involved in investment strategy, making full use of in-house research expertise.

Ideally, candidates should be graduates aged 25-30 with a minimum of three years' investment experience, of which at least two years should have been gained in a relevant market as either an analyst or, ideally, a fund manager.

Please contact Anna Robson at the Investment Division, 23 Southampton Place, London WC1A 2BP, telephone 01-404 5751. All replies will be treated in strictest confidence.

MP

Michael Page City

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Internal Auditors

Leading Merchant Bank

c. £16,000 per annum

Samuel Montagu provides a wide range of merchant banking services on an international scale. Bank reorganisation and internal promotions have created opportunities for ambitious individuals to join a team with a significant role to play in the development of the Bank's operations.

The Internal Audit Department monitors the activities of the Bank and its subsidiaries worldwide; thereby offering interesting opportunities for travel. The audit process involves risk assessment, reviews of management controls and business efficiency, and special assignments.

Candidates should be either ACAs with experience of auditing financial institutions or AIBs with international banking knowledge. Those appointed have excellent opportunity to demonstrate their potential for advancement.

The appointments carry competitive salaries (negotiable according to the level of experience), together with substantial benefits, including mortgage subsidy, profit sharing and BUPA.

Please apply with full career and personal details to: Mrs Carolyn Bland, Senior Personnel Officer.

Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY. Tel: 01-588 6464.

Partnership Secretary

Head of Finance & Administration

City **c£30,000**

Our client is a substantial firm of solicitors with an established City presence and a particular strength in commercial property.

The appointed candidate will take control of all financial and administration affairs of the business and will be expected to bring a fresh commercial perspective to the development of the practice. Initial priority will be within the finance function. As involvement with the management of the practice increases, this individual is expected to attain a status comparable to a partner.

Suitable candidates are likely to be qualified accountants, aged 35 to 45, who can demonstrate success at a senior level in a service environment, preferably within a partnership. This should include experience in the development of computerised accounting and management information systems. Experience of solicitor's accounts would be of advantage.

Candidates should send a detailed C.V., in confidence, to Anne Campbell (reference A80), Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates

Management Services

Treasury

The merchant banking subsidiary of a major international commercial bank is creating a new position of Treasurer. The Treasurer will design and manage systems for identifying and anticipating cash flows, arrange funding for all securities positions, manage cash balances and borrowing, and hedge foreign exchange exposure. The individual will work closely with bond traders and senior management.

The likely candidate will be in their twenties with a university degree and two or three years in the Treasury department of an active investment or commercial bank. Salary fully commensurate with ability and qualifications.

For details of the above position please telephone on the number below or on 01-748 1489 (Evenings/Weekends):

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Please write, enclosing your curriculum vitae, to:

Tom Brock, Managing Director

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We are a service company based in Central London providing technical expertise and management for associated overseas companies. Candidates for the position must be members of the Greek bar. They should have at least five years of directly-relevant experience. The post involves frequent European travel. Candidates must be fluent in Greek and English and knowledge of other European languages would be an advantage. Preferred age is under 35 years. Salary and benefits package commensurate with the requirements of the post.

Please apply, with curriculum vitae, to:

Box A9104, Financial Times 10 Cannon Street, London EC4P 4BY

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being formed by

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Already well established in the management of venture capital funds, MMG Patricof & Co Ltd now requires two or three professionals to develop its corporate finance team.

Working closely with affiliates in New York, San Francisco and Paris, emphasis will be on initiation and arrangement of mergers and acquisitions and private placings, especially for companies in high technology.

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(a) an experienced assistant director/manager with a good range of corporate finance experience, capable of taking full responsibility for assignments with established clients;

(b) one or two executives ideally with at least one year's experience in the corporate finance department of a merchant bank or the corporate planning department of an industrial company (ACA or MBA preferred).

who feel they can flourish in the responsive atmosphere of a small organisation.

Profit sharing will form part of an excellent remuneration package.

Please write, enclosing a full curriculum vitae, to:

Raymond Douse
Managing Director
MMG Patricof & Co Ltd
24 Upper Brook Street
LONDON
W1Y 1PD

Corporate Planner

Surrey **Salary to £17,000**

Our client is one of Britain's top international companies with a continuing record of profitability and growth.

The corporate planning team reports to the Chairman and works on a wide range of matters involving the company's expansion both overseas and in the United Kingdom.

Probably in your mid 20's, you will have at least an upper second degree and be numerate, articulate and self-assured. A European language would be an asset.

Equally important are your aspirations. You should be aiming for promotion into line management and have those personal qualities which will enable you to make your mark early, in a demanding environment.

To apply, please telephone or write to Beverly Kemp quoting Ref: BJK 9973.

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• **THE GROUP** bears a household name and is expanding profitably both at home and abroad. Backed by strong technical and financial resources, it is engaged in the manufacture of engineered products for industrial users, in which field it is a market leader.

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• **TERMS** are negotiable to attract those likely to be earning around £40,000. Pleasant Northern base.

Write in complete confidence to R. T. Addis as adviser to the group.

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Merchant Navy Pensions Administration

In expanding its existing investment team, MNPA which is responsible for managing both the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund with combined gross assets of around £1½bn, is seeking to fill two important positions in its City office.

Portfolio Manager — US Equities

The successful candidate will probably have the following characteristics, abilities and experience:-

- — Aged between 25-35
- — A degree or accountancy/legal qualification
- — At least 4 years real experience with another investment institution or stockbroker dealing in US equities
- — A positive, developed attitude to investment philosophy and the likely requirements of a long-term investor such as a pension fund
- — The ability to work with a small dedicated team which is prepared to adopt and act on its own strategy. This requires an ability to present and argue one's case and to establish sufficient confidence to act without day to day supervision.

Portfolio Manager — European Equities

The successful candidate will probably have the following characteristics, abilities and experience:-

- — Aged between 25-35
- — A degree or equivalent qualification
- — Fluency in at least one European language
- — Up to 4 years experience in analysing and dealing in European securities
- — Sufficient self-confidence to be able to act outside the mainstream and justify such actions coherently.
- — The ability to transfer knowledge obtained about one market to another to good effect.

Both these persons will become members of an integrated overseas investment team which also covers Japan and the Far East as well as the resource-oriented countries. Altogether the funds managed by this team total some £300m.

Competitive salaries will be paid.

Please apply with brief cv to: Mr. J.M. Bird, Secretary
Merchant Navy Pensions Administration, Ebbisham House, Church Street, Epsom, Surrey, KT17 4QF.

Major US Bank

UK Marketing

As a result of continued expansion in its commercial banking activities our client, a New York money centre bank, currently seeks additional marketing executives for two of its London based business development teams. The bank has a considerable international presence and, with its extensive product range, is a market leader in many fields.

★ Aged 28-35 you must have extensive marketing experience at a senior level together with full credit skills. You will have developed a sound understanding of all major bank products including lending, foreign exchange and capital markets. At Assistant Vice President level, you will join a long established and experienced team, taking full responsibility for an industry sector.

★ Aged 26-30 with US bank credit training you must have at least 2 years' marketing experience, preferably dealing with the UK subsidiaries of US multinationals. Working within the corporate group you will be actively involved in a successful team marketing capital markets, treasury and traditional banking products to these subsidiaries. With full account responsibility you will be expected to utilise the full resources of the bank to service existing customers and develop new business.

Salary packages including banking benefits in each case are competitive and will be negotiated according to ability and experience. Those interested should contact Christopher Smith on 01-404 5751 or write to him, enclosing a comprehensive curriculum vitae, at 23 Southampton Place, London WC1A 2BP, quoting ref: 3547.

Michael Page City
International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

Corporate Finance Executive

Oil and Offshore Specialist

The continued growth of Nordic Bank's investment banking activities has resulted in the need for an Executive to augment its expanding corporate finance and capital markets business. The successful candidate will be responsible for generating and carrying out merger and acquisition work involving quoted and private companies in the oil, shipping and offshore sectors, where the bank has a significant commercial banking presence and particular expertise.

Candidates, aged between 25 and 35, should be graduates or have a professional qualification and have at least 2 years' experience within the corporate finance division of a merchant bank, stockbroking firm or investment institution in London, Edinburgh or Glasgow. Strong personal qualities, particularly self-motivation and initiative, will be essential to assist the development of the Bank and its client relationships.

Nordic Bank is a member of the **Den norske Creditbank** group, Norway's largest banking concern, and attractive opportunities for career development will be available both at home and internationally to the successful applicant. The post carries a very competitive salary and benefits package (including a car, subsidised mortgage and relocation expenses where appropriate), reflecting the importance of this appointment to the Bank and the DnC group.

Written applications including full career details should be sent to:
TOM KOLLINSKY at NORDIC BANK PLC, 20 St Dunstan's Hill, London, EC3R 8HY

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We are currently looking to recruit a number of dynamic Financial Management Consultants at various levels for our London office. Our continuing growth will lead to opportunities for rapid promotion and these positions will therefore appeal to suitably qualified people who have the ambition to succeed; preferably graduates with ACA, ACMA or ACCA.

Senior Consultant
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The person recruited will already have at least two years' experience in a consultancy role. As well as having a keen business sense and financial awareness, he or she will be a natural communicator who will motivate and train less experienced staff.

Consultant
Up to £22,000 + car

We wish to recruit new Consultants in their late twenties to early thirties who have a good operational record in industry or commerce. Previous experience in consultancy is oot necessary as we will provide a thorough training programme.

Trainee Consultant
Up to £16,000

This position would suit a fully qualified accountant with upwards of one years' professional experience. The preferred age range is from mid to late twenties, and we offer an attractive financial package whilst training recruits towards a consultancy position.

All of these positions offer personal challenge, responsibility and professional variety. For more details, please write to Anita Tovell, Thornton Baker Associates, Fairfax House, Fulwood Place, London WC1V 6DW, enclosing your curriculum vitae, and stating which vacancy interests you.

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YOUNG MANAGEMENT ACCOUNTANT

Food Industry
c £18,000 plus car **South of England**

One of the UK's leading food groups, expanding rapidly both by organic growth and acquisition, is looking for a young, commercially minded Management Accountant. Working as part of a team who pride themselves on their professional approach to the financial control of a growth business, the post is primarily involved with the preparation of annual and long term profit plans/forecasts and the development of financial reports and systems for personal computer based applications. The position calls for a qualified Accountant, preferably with a degree, aged 27-32 with at least three years commercial experience, ideally in a retailing or other fmcg environment. Candidates should be able to demonstrate well developed communications skills as well as relevant practical experience. In return the Company offers genuine career and promotion opportunities for the right candidate and in addition to the quoted salary the remuneration package includes a company car and other fringe benefits. Relocation assistance will be provided, if necessary.

Male or female candidates should send full career details to:
John Currie, quoting reference LISS 5078.

LINK
13/14 Hanover Street, London W1R 9HG.
Telephone: 01-493 5788.
Link International Search & Selection Ltd.

COMPANY SECRETARY/ ACCOUNTANT

SHEFFIELD/WAKEFIELD C£15,000

National Holidays Limited, which organises, markets and administers inclusive holidays in the UK, Europe and Canada, primarily using the coaching resources of National Bus Company, invites applications for the position of Company Secretary/Accountant.

The post will be based initially at Sheffield, but in early 1986 will transfer to the company's new premises in Wakefield.

An attractive salary, membership of a contributory pension scheme, concessionary travel and other large company benefits are offered.

Applications, giving full C.V. and details of current salary and appointment, to arrive no later than Friday 20 September 1985, should be addressed to:

Mr. G. K. McDonald, General Manager,
National Holidays Ltd., Savile Town,
Dewsbury, North Yorkshire, WF12 9AG.

NATIONAL HOLIDAYS

Taxation Specialist

International Banking **Substantial Package**

Our client, a major international bank, is seeking an experienced tax specialist to be responsible for researching, developing and marketing tax related financial products throughout Europe in co-ordination with the Bank's marketing staff.

The successful candidate's experience should include leasing, zero coupon bonds, cross-border financing transactions, etc., on a European basis, gained in either a professional, consulting or commercial organisation. Although based in London some European travel will be involved.

The salary offered is negotiable, but will be highly competitive and fully reflects the importance of the position. In addition there is a significant individual incentive scheme together with the usual banking benefits.

Please reply in complete confidence, enclosing full career details, quoting reference 1038, to Tony Smith, Bull Thompson and Associates Limited, Alliance House, 63 St. Martin's Lane, London WC2N 4JX, who is advising on this appointment.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

INTERNATIONAL PORTFOLIO MANAGEMENT

Salary Negotiable **Plus Benefits Package**

Our client is the investment banking arm of one of the world's largest international multi-service banks.

The continued expansion of global funds under management and the anticipated further growth of the bank's Investment Management Division have created the current need for a senior level Portfolio Manager.

While working closely with the head of the Division in formulating the group's investment policies and strategies, the successful candidate will have a high degree of direct responsibility for the day-to-day management of client portfolios. The appointed manager will also share in the division's marketing efforts, and in preparing and presenting reports.

Suitable applicants (aged 28-35) will be graduate professionals with at least 3 years' successful experience in managing international equity funds.

The position represents an excellent opportunity for personal and career development within an aggressive environment and offers a competitive salary and benefits package, which is negotiable for the right candidate.

In the first instance, please contact Felicity Hother on 01-588 6644 or write to her at the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists
127 Cheapside,
London EC2V 6BU

Anderson, Squires

SAUDI ARABIA

International Banking

HIGH REWARDS FOR

Senior Systems Professionals

Arthur D. Little, one of the world's largest and most diverse management consulting firms, is assisting a major international bank to recruit SYSTEMS MANAGERS who will provide the technical support and management expertise in the implementation of on-line data projects crucial to the Bank's Systems Master Plan.

We are seeking high-calibre professionals who have an extensive banking background or have acted in a consulting capacity to banking institutions, or perhaps specialised in EDP to the financial sector. People who will play a major role in the implementation and management of Master Plan projects and the development life cycle of systems by—

★ Identifying users' needs and priorities, and improvements in procedures and operations—
★ Evaluating software proposals and recommending contractor selection—
★ Undertaking feasibility studies and preparing project proposals—
★ Controlling expenditure—
★ *Managing the system after implementation.*

You should have at least five years' relevant experience together with proven man-management capabilities, and appropriate qualifications will include either a degree in MIS, Economics (or Business-related field), Computer Science or Maths and, ideally, an MBA. You should be fluent in English and possess good communication skills. Experience in the Middle East and knowledge of Arabic are desirable.

The proposed salaries, benefits, terms and conditions are, without doubt, of an outstanding level.

Please write in the first instance, enclosing a full curriculum vitae, to: E. H. Lyte, Director of Personnel, Arthur D. Little Ltd, Berkeley Square House, Berkeley Square, London W1X 6EY.

Arthur D Little
MANAGEMENT CONSULTANTS

DIRECTOR— CONSUMER AFFAIRS

£31,000

The Director is responsible for promoting consumer interests in line with current legislation. Apart from general policy strategy and administration, a specific task is to manage the transition from a manual to a computerised consumer credit system.

You will head the Consumer Affairs Division which has a staff of 125 people who work closely with appropriate *organisations* at national and local level on tasks such as: monitoring trade and credit practices; promoting the adoption of good practice codes; proposing legislative changes; considering applications for licences from businesses concerned with consumer credit; seeking formal undertakings from traders in breach of legal obligations; and publishing consumer literature.

Candidates will be aged between 35-55 and have a distinguished record of achievement in a relevant area of business or government, exhibiting a regard for consumer affairs. Excellent management, interpersonal and analytical skills must be complemented by the leadership and integrity necessary in dealing with a subject of public importance.

Appointment will be for 3 years initially with the possibility of extension to 5 years by mutual agreement.

Relocation expenses (up to £5000) may be payable.

Salary rises to £32,500 after one year and to £34,000 after 2 years in the post.

For further details and an application form (to be returned by 8 October 1985) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref: G/6634.

OFFICE OF FAIR TRADING

The Civil Service is an equal opportunity employer

FINANCIAL FUTURES

As a result of a major expansion in our retail Financial Futures operations in London and overseas, we are looking for highly qualified salespersons.

Applicants should already have experience of Financial Futures both from the technical as well as the sales aspect. A knowledge of the cash markets, while not essential, would be of great advantage. For the right applicants the positions will offer a combination of salary and commission with the possibility of an equity participation. They should be highly motivated and relish the challenge implicit in joining a very dynamic group which has been expanding rapidly and successfully in recent years. The career and promotion prospects for the right applicants are outstanding.

Please write or telephone in the first instance, and in total confidence, to David Langton on 01-248 3242.

Charles Fulton Futures Limited.
34-40 Ludgate Hill, London EC4M 7JT

AVP EURONOTE SALES 25/30 £30-£40,000 p.a.
Top U.S. bank seeks one with 2 years' sales experience in Middle East or Scandinavia marketing Euronotes, possibly combined with CO, FRN or other asset sales. Minimum A-level mathematics or degree, with a possibility of eventual move to Far East or the States.

ECONOMIST 30s to max. 40 £20/£25,000 p.a.
Graduate economist with in-depth knowledge of South America sought by well-known international bank. Portuguese or Spanish useful as is ability to establish meaningful rapport with marketing officers. Candidate will probably now be doing similar job or working on South American country risk.

LEGAL ADVISER mid/late 20s negotiable
Qualified solicitor or barrister with 2 years' post-qualification experience sought to negotiate and execute documentation for capital market transactions in U.S. merchant bank. Essential experience is of handling documentation in City practice—French, German and Spanish useful but not essential.

HEAD OF RESEARCH ANALYSTS — HIGH TECHNOLOGY 20/30s negotiable from £20,000 p.a.
Active securities house seeks leader for team of research analysts with in-depth knowledge of the Japanese electronics industry. Banking or non-banking background suitable.

EUROBOND SETTLEMENTS SUPERVISOR—all aspects 20s/30s c. £20,000 p.a.

Please telephone or write to Elizabeth Hayford, 01-377 8600
LJC BANKING APPOINTMENTS
Devonshire House, 146 Bishopsgate, London EC2M 4JX

LJC BANKING
146 Bishopsgate, London EC2M 4JX: 01-377 8600

Options

£20,000-£80,000 plus

Our client is a reputable old established name in the Futures markets. Having had a seat on LIFFE since its inception, they now seek several key people to further develop their excellent options business.

Candidates should have a sound track record of selling stock, commodity or currency options to U.K. institutions.

It is envisaged that these positions will appeal to self-motivated, ambitious individuals who now seek to play an important role in the future of an independent, progressive minded organization.

Please contact Simon Kennedy who will treat all enquiries in the strictest of confidence.

Kennedy Stephens
Commodity Recruitment Consultants
44 Carter Lane, London EC4V 5BX. 01-236 7307
Associates in New York and Tokyo

Fund Manager

UK Equities

MGM Assurance has acquired a reputation for first class investment performance of both conventional with-profit and unit linked funds.

An additional Fund Manager is required to take over day-to-day responsibility for various UK equity funds, including two authorised unit trusts.

The position now offered represents an excellent opportunity for an able candidate, probably between 23 and 30, with suitable experience in this field.

In addition to a competitive salary, benefits include car, mortgage subsidy, pension scheme and private medical cover.

Apply, enclosing detailed curriculum vitae, to:-

Assistant General Manager (Investments), MGM Assurance, 6-8 Clements Lane, London, EC4N 7AP.

MGM ASSURANCE
Marine and General Mutual Life Assurance Society

International Capital Markets

FRN Sales
A leading UK Merchant Bank seeks an experienced person with a minimum of two years' exposure to the FRN market.

$ Straights Trader
Two years' experience of dealing in a financial market, preferably closely related to Eurobonds, is required by this client (a major British Merchant Bank). The person appointed will join a small but successful team.

Euronote Sales
A prominent US Investment Bank wishes to appoint a young sales person with at least two years' experience in Euronote sales or a related capital market area.

Bond Sales
Experience of DM and SFR denominated Bonds is essential for this general sales position in a large, dynamic US Bank.

In all cases, our clients are prepared to offer salaries in line with candidates' experience and abilities. Remuneration will not be a limiting factor.

For further details, please contact Trish Collins on 01-481 3188.

CHARTERHOUSE APPOINTMENTS
EUROPE HOUSE
WORLD TRADE CENTRE
LONDON E1 9AA

EUROBOND DEALER

CIBC Limited the wholly owned merchant banking subsidiary of Canadian Imperial Bank of Commerce is expanding its Eurobond desk which has created openings for qualified bond traders.

Successful applicants will be self starters in their twenties or thirties. They will have had a minimum of 2 years experience in eurobond dealing.

Remuneration package is negotiable and fully competitive with market levels. An excellent benefits package is available.

Replies in confidence to:- J.B. Clark,
CIBC Limited, 55 Bishopsgate, London EC2.

NEDAL

the well known Dutch aluminium extruder, produces for the international market aluminium profiles for the Transport — Shipbuilding — Construction — Electronics — Heating/Cooling and Off-shore industries.

Furthermore the production range includes lighting columns — flagpoles — boat mast sections — a complete roadsign system — extrusion billets and aluminium paste.

For further expansion in the U.K. we are looking for a dynamic area manager with:
— Full knowledge of the U.K. extrusion market;
— Able to work independently from home address in the Greater London area;
— Proven state of commercial success in the U.K. aluminium market.

We offer a promising job in a dynamic team with good prospects and interesting salary.

If you meet with our standards please write to:

Nedal B.V., P.O. Box 2020, 3500 Ga Utrecht, The Netherlands
Please attach your curriculum vitae
MEMBER OF THE HUNTER DOUGLAS GROUP

International Appointments

OPPORTUNITIES IN OIL

Our client Oasis Oil Company of Libya is a leader among the world's largest oil producers and has major field operational areas at Gialo, Waha, Dahra and Es Sider. Oasis Oil Company means people, petroleum exploration and production, gas processing, computers; power stations, pipelines and terminals. In support of these operations the company has retained us to recruit the following specialist personnel to work in its Tripoli headquarters and field locations, all of which have regular air transportation links with most European capitals.

AUDITING SPECIALISTS
Tripoli **£21,500**

To plan and conduct audit projects as well as manage and improve Auditing and Accounting Systems. Must possess B.A. degree or higher in Accounting, a good knowledge of computerised accounting procedures and have at least 10 years experience in the oil industry. **Job Ref: OA 25**

PROJECT ANALYST SPECIALISTS
Tripoli **£21,400**

To perform economic evaluations of reservoir development, construction, gas and processing projects. You must have at least a Bachelor degree in Economics and have a minimum of six years experience in the petroleum industry. **Job Ref: OA 26**

Benefits

These are married status positions and salaries are paid free of Libyan taxes and are fully remissible to employees' home bank accounts. Other benefits provided are:
★ annual and half annual leave ★ furnished accommodation ★ lucrative Provident Fund Plan ★ sickness plan and BUPA medical cover ★ childrens education assistance ★ relocation assistance.

To apply please write for an obligatory application form giving brief details of your employment history, with a recent photograph, quoting job ref. and job title, addressed to:

The Recruitment Co-ordinator, Job Ref, ... UMM AL-JAWABY OIL SERVICE CO LTD.
33 Cavendish Square, London W1M 9HF

JAWABY OIL SERVICE

Sultanate of Oman

INVESTMENT MANAGER

BATC is a British Government Organisation set up as a vehicle for Government-to-Government co-operation with countries throughout the Arabian Peninsula.
Due to the rapid expansion of Oman's Insurance Company which deals with all types of insurance, they wish to fill the following new positions:

Investment Manager reporting to the General Manager, you will be responsible for long and short term investments in a range of fields within and outside the Sultanate of Oman.

Financial Controller also reporting to the General Manager, you will be responsible for the financial management and accounting procedures of the Company.

Appropriate qualifications and 10 year's relevant experience within a reputable insurance company or financial institution are prerequisites for both of these new positions.

FINANCIAL CONTROLLER

We are offering a two-year renewable, single or married status contract. An attractive salary will be paid. BATC has one of the best benefits packages in the Middle East and includes free furnished accommodation, with allowances for electricity and water; a car or car allowance; 48 days leave for each 12 months of the assignment; free air fares including leave flights and free health care facilities.

For an application form and further detils please write quoting ref: BA/145/FT, to:

Stephen D. Jones, Recruitment Manager, BATC, 12 Grosvenor Gardens, London SW1W 0DZ or telephone 01-730 4511 ext 246.

British Arabian Technical Co-operation
Part of the British Technology Group

International Appointments

Vice Chairman

PRIVATE INTERNATIONAL GROUP EUROPE Approx. $125,000

An interesting and outstandingly challenging role for a mature dynamic executive.

THE GROUP is the recognised world leader in its field, owing to a number of important breakthroughs, in terms of products and marketing innovation. We are active in all major industrial markets on every continent, have our own manufacturing facilities, are very research-oriented and are respected for professional and reliable support services.

THE APPOINTMENT: based in Europe, the Vice Chairman will have a varied and interesting brief, covering such activities as corporate development, marketing, manufacturing, financing and research, with particular emphasis towards maximisation of increased market penetration in existing markets and new market development, all with the objective of providing the worldwide group with much more rapid growth and profitability. Naturally the applicant will possess an exceptional record in the industrial field and good general management experience. Additionally, we are looking for outstanding personality, judgement, diplomacy, energy and organisation; and the application of method and psychology in working internationally with a first-class team of executives within a dynamic group.

REMUNERATION is negotiable and is expected to be very substantial in line with the qualifications desired and the responsibilities to be assumed.

Applicants will be interviewed by the Group Chairman. In the first instance, replies, which will be treated in strictest confidence, should be sent together with CV and photograph to:

The Senior Partner, Rawlinson and Hunter, One Hanover Square, London W1A 4SR.

ARAWAK TRUST COMPANY (CAYMAN) LIMITED

(an offshore trust company based in the Cayman Islands whose principal shareholders are The Bank of Bermuda Limited Kleinwort, Benson Limited and Montreal Trust Company)

SEEKS A

TRUST OFFICER

FOR ITS SUBSIDIARY IN THE

ISLE OF MAN

Applicants should have a minimum of 4 years' trust experience and have completed at least part of Stage 2 of the Institute of Bankers Trustee Diploma.

Please write, giving details of qualifications, experience etc. to:

Mr. T. A. Barnham,
General Manager,
ARAWAK TRUST SERVICE COMPANY LIMITED,
P.O. Box 34, Douglas,
Isle of Man.

MANDARIN ORIENTAL HOTEL GROUP

General Manager Financial Control (Hotels)

The Company headquartered in Hong Kong, is the leading and most prestigious hotel owner and operator in the Pacific Basin. Currently *managing six grand luxe* hotels, with over 2,000 rooms, two of which are consistently acknowledged as being amongst the finest in the world; there are three further hotels developed and coming under management in 1986.

The Position based in Hong Kong, will be to head up the *financial* control of the Group's operations being the hotels located in Hong Kong, Macau, Manila, Jakarta, Bangkok and Vancouver, with those in Kuala Lumpur, Singapore and San Francisco in due course. Tha successful candidate will report to the Finance Director and will have full accountability for *all financial matters right down* to net operating level.

The Qualifications required are proven financial monitoring and control of hotel operations for a multi-unit region of an international group. Experience of financial and economic planning and analysis, treasury, budgeting and strong corrective controllership of operations down to net operating level are the key skills. A hands-on performer aged probably in the early 30's and with the energy and desire to travel is crucial.

Compensation *will be extremely attractive* to secure the proven professional that is required. High salary, bonus, housing and other allowances will be offered. Income tax in Hong Kong is approximately 18 per cent. There are *excellent* opportunities for advancement within the Group.

Please send comprehensive c.v. in full confidence to:

Box FT/940, St. James's House, 4/7 Red Lion Court, Fleet Street, LONDON EC4A 3EB.

Banking Opportunities Australia and New Zealand

Head of Oil and Gas Division
Sydney

Major US bank seeks experienced oil and gas specialist to lead a team. A minimum of 10 years' experience is required for this Director or Associate Director management position.

Director–Treasury
Melbourne

Major international bank requires Chief Dealer/Foreign Exchange Manager to assume responsibility for all foreign exchange and money market operations, in addition to asset/liability management.

Fund Manager
Sydney

An important merchant bank seeks a Fund Manager with several years' practical experience in high tech investments to specialise in European, North American and Asian markets.

Head of Capital Markets
Sydney

International merchant bank seeks senior innovative banker with a minimum of 8 years' city experience. He should be fully conversant with all aspects of international capital markets, particularly the provision of corporate advice and currency and interest rate swaps.

Treasury Accountant
Sydney

Australian merchant bank requires two qualified accountants with a minimum of 5 years' experience either to control the accounting and reporting of daily positions for arbitraging, interest rate swaps, etc. or to manage the accounting for foreign exchange and hedging operations.

Foreign Exchange Dealer
Wellington

Important financial institution wishes to appoint additional experienced foreign exchange dealers, capable of making an immediate contribution. Proven ability in spot trading is essential, and a knowledge of money markets, futures, and arbitrage would also be desirable.

The above positions are open to Australian and non-Australian residents. However we have a number of other positions to fill and for these, would particularly welcome applications from experienced bankers with Australian or New Zealand residency.

Please send your Curriculum Vitae in confidence to Roy Webb, Managing Director, **Jonathan Wren International Ltd.,** 170 Bishopsgate, London, EC2M 4LX. Tel: 01-623 1266.

London · Sydney · Hong Kong

Jonathan Wren International Ltd
Banking Consultants

INTERNATIONAL APPOINTMENTS

appears every

THURSDAY

Rate: £37.00
per single column
centimetre plus VAT

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International association of employers providing confidential information to its member companies, relating to employment of expatriates and nationals worldwide.

Tel: 01-351 7151

Financial Controller

Luxembourg **BF 1.8 to BF 2.5 + car**

Our client, a diversified worldwide manufacturer, serves a broad range of industries through three major business groups. The operation in Luxembourg is the headquarters for one of these groups and also encompasses manufacturing and distribution activities.

They now seek a Financial Controller to be responsible at European management level for financial and administrative matters. Main responsibilities include:

- Financial Reporting
- Internal Controls
- Forecasting & Budgeting
- Financial Analysis
- Inventories & Costing
- Cash Management & Taxation

Candidates must be able to demonstrate relevant experience in an international manufacturing group, having gained significant exposure to systems and data processing development. The successful candidate should be fluent in English and French, ideally with some knowledge of German and should possess strong interpersonal skills together with sound commercial awareness.

Interested applicants should contact Frank Van de Voorde on Brussels 010-322-648-1384 or send a comprehensive curriculum vitae to Michael Page International, rue Vilain XIIII 55, Box 11, 1050 Brussels (Belgium).

MP
Michael Page International
Recruitment Consultants
London Brussels New York Sydney
A member of the Addison Page PLC group

Commercial Managers

AFRICA **c.£30K package**

IN PURSUIT OF EXCELLENCE?

This well established multinational group and a world leader in its field in experiencing rapid international growth and has identified the need for French-speaking dynamic professionals to head up their activities in various African countries.

These new posts carry responsibility for achieving the growth and profitability targets in a highly competitive environment. To be considered for these unique opportunities your skills must include:

- Operational experience in a client-driven service industry
- Excellent upward/downward communicative ability
- A proven track record in a marketing-biaised management role
- Ambition, self-motivation and leadership

and preferably

- Degree-level education

In return for a positive contribution your comprehensive package will include:

- Excellent negotiable salary
- Paid leave with return airfares
- Company car
- Furnished accommodation
- Free medical cover

If you are in pursuit of excellence — as our clients are — and meet the above criteria call

Sylvia Baker now on 01-437 6900
who has been retained to advise on these posts

DRAKE EXECUTIVE
Chesham House, 136 Regent St., London W1R 5FA

CHIEF SPOT DEALER AUSTRALIA

Our client is a major worldwide bank, with ambitious plans for the development of its treasury operations in Australia.

This position heads up a highly active trading team and carries a prime responsibility for Spot Deutschemark trading.

Candidates should have had experience in a major Far East money centre at some stage in their career; have a good track record in dealing; and strong Deutschemark experience would be a considerable advantage.

An excellent salary, benefits and relocation package is offered. This is viewed as a career position within the group's Australian subsidiary.

Interested candidates should telephone Kevin Byrne on 01-588 6644 (from 8.30 to 7.00 on Thursday 12th September) or contact him at the address below.

Anderson, Squires Ltd
Bank Recruitment Specialists
127 Cheapside,
London EC2V 6BU

Anderson, Squires

Superintendent – Finance Project

c. £20,000
Zambia

ZAMBIA CONSOLIDATED COPPER MINES LIMITED is looking for a senior managemant and financial accountant who will function as a Consultant under the direction of the Director of Finance, through the office of the Deputy Director of Finance. His major responsibility will be the implamantation of a defined and approved project which has been initiated to improve the financial and reporting procedures throughout tha industry. Tha first phase of the project will involve:—

I). The revision of each operating division's systems.
II). The revision of the company's finance organisation.
III). The implamentation and co-ordination of the agreed changes to the accounting systems with computer department staff.

Tha post will interest applicants who have had responsibility for an accounting dapartment in a major organisation, have good communications skills and is used to dealing authoritatively with top divisional managament, and is fully familiar with computerised accounting systems. The successful applicant will have e minimum of seven years' post qualification experiance (ICMA/ACCA/CA), and an MBA will be an added advantage.

Tha contract will be of short duration, on a single or accompanied basis, with the salary paid free of Zambian tax.

For an application form, please reply attaching a comprehensive CV and quoting reference FT 997, to:

The General Manager,
Zambia Appointments Limited,
Zimco House,
16-28 Tabernacle Street,
LONDON, EC2A 4BN.

ZAL
ZAMBIA APPOINTMENTS LIMITED

We are a Swiss-based multinational group *active in the petroleum sector as well as in* banking. and shipping owner of refineries

We are looking for a

CRUDE OIL AND/OR PRODUCT TRADER

conversant in crude oil supply and basic economics

The suitable candidate should have an experience of at least 5 years, as well as being up to date with the trade practices throughout the world markets. An attractive salary and benefits commensurate with qualifications and past performance are offered.

Please write in confidence under CIPHER G18-118482 PUBLICITAS CH 1211 GENEVE 3

ACCOUNTING AND FINANCIAL MANAGER

THE COMPANY: Accountants and business managers specialised in providing a full range of corporate services to Continental European subsidiaries of overseas corporations with offices in Brussels, Duesseldorf, Luxembourg and Paris.

THE APPOINTMENT: Responsible for management of a portfolio of clients including supervision of accounting staff and liaising with clients in major world centres.

THE CANDIDATE:

—Chartered accountant
—Age: 28-35
—Minimum of 5 years' experience
—Proficiency in either German (preferably) or French
—Experience in Continental Europe an advantage
—Located in Brussels with frequent travel
—Excellent remuneration package
—Relocation expenses if necessary
—Possibility of a partnership in 2 to 4 years.

Please send a comprehensive c.v. including salary history and recent photograph to:

J. E. OLIVER
WOOD, APPLETON, OLIVER & CO. LTD.
Avenue Louise, 207-209, B.P.8, 1050 Brussels, Belgium

Turkey

Marketing, Operations, Data Processing

As a result of deregulation, our clients, leading Turkish and American banks, seek candidates who are fluent in Turkish and experienced in one of the above functions.

In return, they offer challenging opportunities in a dynamic and expanding economy which offers a high standard of living at low cost.

Applicants who would like to further their career in an emerging financial and business centre should send their Curriculum Vitae in confidence to **Ian Macdonald, Jonathan Wren International Ltd, 170, Bishopsgate, London EC2M 4LX Tel: 01-623 1266.**

London · Sydney · Hong Kong

Jonathan Wren International Ltd
Banking Consultants

Accountancy Appointments

Accountancy Appointments

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

NEWLY QUALIFIED

ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examination.

We propose to publish the list in our issue of Thursday, September 26, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." The advertising rate will be £37.00 per single column centimetre. Special positions are available by arrangement at premium rates of £44.00 per scc. Newly Qualified Accountants, *especially* Chartered, are never easy to recruit — don't miss this opportunity.

For further details please telephone:

Louise Hunter on 01-248 4864

Financial Times
EUROPE'S BUSINESS NEWSPAPER

Accountancy Appointments

Group financial controller

London, c£21,000 + car

This is an opportunity to join the small and active management team of an expanding and diverse private group with interests in the motor trade, computing and property.

Yours will be a key role based at the London head office but working at subsidiaries as necessary. You will concentrate on:–

- monitoring of group performance
- statutory reporting
- planning and forecasting.

Aged about 28, you should be an ambitious qualified accountant from the profession or industry. Experience of the operations of motor dealerships would be an advantage. Above all we are looking for a team member with commitment, energy and interpersonal skills who is seeking challenge and involvement.

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. S014.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Fleetway House 25 Farringdon Street
London EC4A 4AQ

Company Director

City **£ negotiable**

Our client is a soundly backed, City based provider of development capital, with a range of investments in substantial unlisted companies in the UK and overseas.

Your prime role will be to represent the company as a non-executive director in a number of diversified companies in which it has an interest. You will also play a part in shaping its investment strategy and in appraising new projects.

You will probably be a qualified accountant aged 40-55. You will already have operated successfully for some years at board level, and probably within a diversified group of companies. Salary will be fully commensurate with seniority, and benefits are unusually attractive.

Please write to EH Simpson, quoting ref. ST427, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

CHALLENGING OPPORTUNITY IN THE CITY

An expanding, forward thinking Lloyds Underwriting Agency is seeking an intelligent and innovative qualified accountant to fill the role of

Company Secretary/ Group Accountant/ Financial Planner

The ideal candidate will relish the responsibilities of the position and will expect to be judged by his/her achievements.

The remuneration package, including salary, car, BUPA and non-contributory pension scheme will reflect the status of the position.

If you feel you have the dynamism and flair to make an outstanding contribution to the continuing success of this Group, please write to:

Charles Hunter
R. M. PATEMAN UNDERWRITING AGENCIES LIMITED
Fountain House
130 Fenchurch Street, London EC3M 5DJ.

GROUP FINANCIAL CONTROLLER
Retail Franchising

CENTRAL LONDON

to £25,000 + car

The group is at the forefront of retail franchising, probably the fastest growing and certainly the most exciting, commercial activity in the UK today. Currently with three separate themes, new ideas are evaluated continually and are aggressively marketed when considered viable. The group employs 350 people, has over 150 outlets throughout the country and a turnover in the region of £12m.

The job is tough. It is critical to maximising effective financial control over the group. The need is for full technical accounting and organisational support to the Group Financial Director and to all levels of management. Priorities are to organise a team of around twenty *people into cohesive, inter-active functional accounting units*; to examine critically the business assumptions for the ensuing year and ensure agreed targets are met; and to provide prompt, responsive operating information for decision taking purposes. Success will result in a board appointment.

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Financial Times
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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday September 12 1985

CISI set to break even this year

By Paul Betts in Paris

CISI, the second largest European computing services company, expects to break even this year after reporting a loss of FFr 190m ($21.3m) last year.

CISI is controlled by the CEA, France's atomic energy commission.

The improvement in the financial position of the computing services company reflects a series of major restructuring and reorganisation measures during the past 12 months. These have included the shedding of a subsidiary in the U.S., the entry of major new shareholders in one of CISI's principal subsidiaries and, a FFr 110m capital increase from the CEA.

Moreover, the CEA has now taken over control and financial responsibility for CISI's troubled Wharton subsidiary. Two years ago CISI acquired the Philadelphia-based Wharton Econometric group, which has proved a costly investment. Wharton alone lost FFr 54m last year. But the subsidiary's losses this year will be carried entirely by the CEA group which has now taken 70 per cent of the CISI-Wharton concern.

M Henri Cantegreil, the new chairman of CISI, explained yesterday that the future of Wharton involved a diversification of the company's capital to other outside partners.

The chairman said that CISI sales this year were expected to total FFr 1.5bn, or about the same as in 1984.

CISI has sold a computer time-sharing subsidiary called PCS in Los Angeles which was losing money, and has shed its LKS subsidiary in West Germany to the nationalised French Bull computer concern and a group of local users of LKS services.

The French company has also sold to major industrial groups stakes in its Cisigraph computer-aided design and computer-aided manufacturing (Cad/Cam) systems subsidiary.

CISI's losses last year of FFr 190m included losses of FFr 54m by Wharton, losses of FFr 42m by CISI's other foreign operations, a deficit of FFr 62m by French subsidiaries and extraordinary losses of FFr 32m. But the various restructuring measures had enabled the French computing services company to show a small profit in the first half of this year M Cantegreil said.

West Coast insurer drafts fresh rescue proposal for Epic

BY PAUL TAYLOR IN NEW YORK

TICOR Mortgage Insurance, the West Coast U.S. insurance group which faces a substantial loss of $166m in connection with the problems of the Equity Programs Investment Corporation (Epic), has drafted a rescue plan for the troubled mortgage banking group whose difficulties have sent shock waves through the private mortgage and mortgage-backed securities markets.

The move follows the collapse late last week of an earlier bailout plan drafted by Dean Witter Reynolds, the Wall Street firm, which had sought to rescue both Epic and its real estate partnerships.

The crisis was triggered last month when Epic missed payments on the $1.4bn in mortgages and mortgage-backed securities issued to buy 20,500 homes on behalf of real estate partnerships it had organised as tax shelters.

The earlier rescue plan fell apart after Epic, a subsidiary of Community Savings and Loan of Bethesda, Maryland, sought to forestall any foreclosures by placing 341 partnerships under Chapter 11 protection of the bankruptcy code last Friday. In the immediate wake of that move the State of Maryland won court approval to appoint a conservator for Epic and its S&L parent and extended a freeze on deposits at Community Savings for another 45 days.

Under the complex Ticor rescue plan, which is due to be discussed at a series of meetings with other insurers and major lenders later this week, investors in Epic's mortgages and mortgage-backed securities would be asked to accept lower interest payments to be funded by rents received on the partnership properties together with limited monthly payments from the mortgage insurers.

Eventually the properties would be sold, but only when the sale price would cover all the unpaid balance on the mortgages. Details of the proposal are contained in a 10-page document technically known as a "work-out" which is expected to be one of a number of proposals put forward by insurers, whose total losses as a result of Epic's problems could reach $400m.

Porsche to consider air engine viability

By Our Frankfurt Staff

PORSCHE, the West German sports car maker, will consider the commercial prospects of its aircraft engine venture later this year.

The company has developed and tried out a light aircraft engine based on a 911-model sports car engine. It has also been looking at the possibility of a variation being used as a helicopter engine.

Herr Peter Schutz, chief executive, said he believed that aviation engines were a "potentially attractive business for the 1990s."

The project was still in the development stage at present, and the company had to examine it in the context of its business plan.

He said that, if Porsche went into commercial production of aviation engines, a "modest volume" would be turned out. The company thought it could handle this on its existing sites at Zuffenhausen and Weissach, near Stuttgart.

Herr Schutz said that Porsche increased its sales revenue to more than DM 3bn ($1.02bn) in its financial year to July 31 from DM 2.49bn in 1983-84. Earnings, so far not disclosed, had "the same kind of relationship" to sales as previously.

With steps taken to increase output of Porsche cars from its Zuffenhausen assembly plant and from the Audi assembly plant at Neckarsulm, production rose to almost 50,000 last financial year from 44,773 in 1983-84.

Production in the current financial year should be a little over 50,000, Herr Schutz said.

Herr Schutz said that Porsche expected to name a successor to Herr Jon Nedelcu as sales chief "within the next 12 months."

RVI warns that recovery may not be sustained

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN FRANKFURT

RENAULT Vehicules Industriels (RVI), the commercial vehicle subsidiary of the state-owned French group, reduced its first half loss from FFr 1.2bn ($134.8m) in 1984 to FFr 800m this year.

The recovery was not as great as the company had hoped and M Philippe Gras, chairman, warned yesterday that the truck price war has flared up again in France so RVI could not expect a similar improvement in the second half. In 1984 the company's losses in the second six months reached FFr 1.04bn.

RVI has again lost domestic market share and was down to 39.5 per cent at the end of July. M Gras made it clear the company would do all that was necessary to move back to 42 per cent. Below that level RVI believes the profitability and strength of its dealer network would be threatened, and would open it up to importers.

Ironically, the price battle which developed last year when RVI was in a similar position and needed to regain its market share quickly is partly responsible for the group's current difficulties. The situation caused an artificial boost in truck sales as customers pulled orders forward into 1984. In the aftermath, the French truck market is extremely depressed and RVI expects total sales in France to fall from 41,000 in 1984 to 35,000 this year.

M Gras estimated that the company's vehicle production would fall by about 5 per cent from last year's 27,900. Apart from difficulties in the home market, exports to Mack Truck, RVI's associate in the U.S., will fall this year from the 6,402 in 1984 because of a drop in truck demand in the U.S., he added. A price war is developing in the U.S. but so far is not as fierce as that in Europe. "France today remains in the centre of the cyclone," M Gras said.

Nissan says exports will not be cut

By Our Motor Industry Correspondent

NISSAN has no intention of cutting back car exports from Japan as it builds up assembly in the U.S. and Europe, said Mr Kiyofumi Morimoto, managing director, exports, yesterday.

The company expects to increase output of cars outside Japan from 470,000 this year to 600,000 a year in the short term, mainly because of the increase in production by its subsidiary at Smyrna, Tennessee, in the U.S.

Nissan, second largest of the Japanese automotive groups, predicts that demand for cars in the industrialised countries will continue to grow at about 2 per cent a year, while in the developing countries – including China – the rate should be an annual 5 per cent.

The group will not be satisfied simply to match worldwide growth but is also determined to increase its share of the available business. Worldwide output should therefore increase steadily from last year's 2.8m cars.

Mr Morimoto suggested that Nissan's car sales in Western Europe would not alter much from the annual 300,000 achieved in the past few years, during which it has been the leading Japanese company in terms of units sold.

Mr Yoshitada Uchiyama, executive vice-president, finance and international business operations, also speaking during the preliminaries to the Frankfurt motor show, said the major changes in Nissan's top management in June would not precede any big changes of direction. The group was committed to becoming a full blown multinational and to a number of overseas assembly ventures. It now wanted to make sure they were viable.

Overseas car production would make Nissan better able to meet the needs of markets outside Japan.

Daimler-Benz expands further to handle rising demand

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German motor manufacturer, is planning further expansion at its Bremen plant next year so that it can continue to boost car production.

The company has already built up the Bremen factory into a second major car assembly works in addition to Sindelfingen, near Stuttgart.

Professor Werner Breitschwerdt, the chief executive, said that Daimler-Benz planned to produce more than 540,000 cars this year, but demand was much higher. Last year the seven-week labour conflict in the motor industry prevented Daimler-Benz from achieving more than a marginal increase in car output to 478,349.

With demand likely to continue to rise over the long term, Prof Breitschwerdt said that Daimler-Benz already had its sights set on a further increase in production next year. This would be achieved by lifting capacity at the Bremen plant, which at the moment is fully stretched, with output running at 140,000 cars a year.

The Bremen plant has been set up with an eye to further expansion at relatively low cost.

After investment of DM 1.1bn ($374m) over four years, the Bremen plant reached a milestone in its development just over 18 months ago, when it joined Sindelfingen in producing models of the 190-series compact class. Production of light vans was transferred from Bremen to Düsseldorf.

Prof Breitschwerdt said that worldwide sales revenue of Daimler-Benz reached about DM 34bn in the first eight months of this year, 28 per cent more than in the same period last year.

He said this reflected a substantial increase in business activity, after allowing for the distorting effects of last year's labour troubles and the recent MTU and Dornier share stake acquisitions.

As a result of its expansion plans and the introduction of a shorter working week, Daimler-Benz is continuing to build up its labour force, along with other producers such as Volkswagen and BMW. The company created 6,600 new jobs last year and expects to create another 3,800 this year.

Prof Breitschwerdt said that Daimler-Benz had lifted its car exports by 30 per cent in the first eight months of this year. Its new registrations in West Germany were up more than 20 per cent; by contrast, the domestic market as a whole still lagged behind last year's performance, although it was picking up strongly now.

He said that Daimler-Benz's marketing was well balanced, with exports taking only about half its cars, a lower percentage than for the industry as a whole.

With some understatement, Prof Breitschwerdt said that commercial vehicle prospects were "not quite as positive" as for cars.

Even so, Daimler-Benz expects to match last year's level of 210,000 commercial vehicles produced in West Germany and abroad.

Schlumberger chief decides to quit

BY TERRY DODSWORTH IN NEW YORK

M JEAN RIBOUD, the reclusive French industrialist and friend of President Mitterrand, relinquished the chairmanship of Schlumberger, the Franco-American oil services group yesterday after 20 years of iron-handed administration.

In a brief announcement, the company said that M Michel Vaillaud, 53, M Riboud's heir-apparent since 1982, would take over as chairman. It gave no explanation of M Riboud's decision to step down, but said that he would continue to play a role in the company as chairman of the finance committee and a member of the operating committee.

Analysts had widely expected Mr Riboud, who is 65, to stay on as chairman for two or three more years. When M Vaillaud was named president in 1982, the company modified its retirement policies to enable M Riboud to remain chairman beyond the age of 65

In his period at the top of Schlumberger, M Riboud has won a reputation as an aloof, dominating chief executive who controlled every aspect of the company's operations. He has master-minded Schlumberger's growth into a company with revenues of $5.7bn and interests all over the world.

A wartime resistance fighter, and a survivor of the Buchenwald concentration camp, he joined Schlumberger in Paris in 1951 as assistant to M Marcel Schlumberger, a co-founder of the group, becoming chief executive in 1965 and chairman seven years later.

M Vaillaud held various positions in the French administration before joining Schlumberger in 1973 to run the company's measurement and control operations. He has been regarded as the heir-apparent to M Riboud since he was appointed as president.

Revlon admits 'poison pill' could rebound

REVLON's "poison pill" device, designed as an anti-takeover measure against a pending hostile bid by Pantry Pride, could hurt Revlon itself financially if it were used, the company has admitted, AP-DJ reports.

In an SEC filing, the company said the poison pill could wipe out its equity and make it hard for the health-care and cosmetics concern to meet debt payments.

So-called poison pills generally give a company's holders the right to buy new securities in the concern in the event of a hostile takeover. The securities, if issued, make the company less attractive by boosting the cost of the takeover.

Revlon's version would be activated if an unwanted suitor, such as Pantry Pride, acquired at least 20 per cent of Revlon's stock. In that event, Revlon holders other than the hostile bidder would have the right to swap each share held for $65 at par value of 12 per cent one-year Revlon notes. Thus, holder equity would be exchanged for debt.

In its SEC filing, Revlon said, if the one-year notes became issuable for a substantial percentage of the (poison-pill) rights, they would severely increase its debt and could eliminate its equity. Also, the company's ability to meet debt obligations "could be severely impaired," according to Revlon, if the notes were issued.

Leucadia relinquishes bid

BY OUR FINANCIAL STAFF

NATIONAL INTERGROUP, the Pittsburgh-based steel and financial services group, yesterday announced an agreement with Leucadia National, an unwelcome bidder for the company, to buy back most of Leucadia's stake at $24 a share.

Leucadia, a New York insurance and finance company, had built up a 9 per cent holding in the steel company in the course of a $35 a share cash offer that valued National Intergroup at around $750m. A condition of the bid was that National Intergroup should withdraw from a $172m agreement to buy Permian, a Texas energy company.

Leucadia argued that the money – derived from National Intergroup's $400m disposal of First Nationwide Savings to Ford Motor – should have been distributed to shareholders.

National Intergroup brushed aside the complaint and has gone ahead with its plans

Mr Howard Love, National Intergroup's chairman, said yesterday's purchase "presents National Intergroup with a very favourable transaction. In essence, we are buying stock for cash at below the current market and for warrants giving Leucadia the right to buy our stock above the current market."

Leucadia will sell 75 per cent of its holding for $24 but will acquire a warrant allowing it to buy back the same number of shares, 1.3m, at $30.75 during the next three years. National Intergroup shares have recently been trading at around $28.

Merrill signs work station order

RICH, the Chicago-based subsidiary of Reuters Holdings, and Merrill Lynch, Pierce, Fenner and Smith, have signed an $18m agreement for Rich to supply financial trading room work-stations to be used in Merrill's new world headquarters in New York.

Rich is also to provide systems and related equipment to Merrill's branches and locations world-wide.

About 1,200 work stations will be installed in three major areas comprising Merrill's main trading centre in the World Financial Center in lower Manhattan.

Consisting of up to six screens and one keyboard per trader, they will provide access to a wide variety of market data sources essential for Merrill's managers, traders and others in the financial environment.

Rich has just installed a trading floor system for Merrill Lynch Asset Management in Plainsboro, New Jersey.

Reuter

EUROBONDS

Retail investors snap up Eli Lilly issue

BY MAGGIE URRY IN LONDON

ELI LILLY gave the Eurobond market just what the doctor ordered yesterday – a straight Eurodollar deal from a rare and top quality name with sensible terms. Retail investors came out of hiding to snap up the bonds.

The drugs and cosmetics group has no outstanding public dollar bond issues, but this one is expected to get an AAA rating. The $150m issue was priced to yield 8 basis points above the U.S. Treasury yield curve, taking in 1⅞ per cent commissions, but traded up to yield less than Treasuries. By the close the bonds had slipped back, when the New York bond market opened weak, but they were still trading around the 1¼ per cent selling concession.

The coupon was set by lead manager Morgan Stanley at 10¼ per cent and issue price at 99⅞. The bonds mature in 1992, and are non-callable, another attractive feature.

Industrial Bank of Japan, another AAA borrower, also tapped the market with a $125m 10-year issue, led by IBJ International. Although issues from Japanese borrowers are often priced with Japanese investors in mind, this came on more generous terms. The coupon was fixed at 10½ per cent and issue price at 100⅜. At a price less the 2 per cent fees, the bonds yield a few basis points above U.S. Treasuries. They were trading within that discount though at around 99.

In the secondary market, fixed-rate Eurodollar issues fell by around ¼ point, depressed by fears that more U.S. economic statistics will point to a growing economy.

The capped floating rate note – a fashion in June – made a comeback yesterday but with an added wrinkle which makes them more attractive to investors. Salomon Brothers launched two deals each of $100m for Takugin International (Asia), the financial group, and Christiania Bank of Norway. Terms are identical. The bonds have a 12-year life and are non-callable. Interest will be paid at ¼ per cent above six-month London interbank offered rate with a maximum coupon of 13¾ per cent introduced in year four. Fees total 60 basis points.

The idea of a delayed cap proved popular. The margin is usefully higher than either borrower would expect to pay on a conventional floater, while the prospect of a cap after three years – at a higher rate than the 13 per cent common in June – is far enough away not to worry investors.

The Takugin issue, which came first, traded above par at one point but slipped back to around 99.85, but the Christiania issue fared less well, though holding within the fees at around 99.50.

The Council of Europe lit up the Luxembourg franc bond market with a rare public issue raising LuxFr 600m. The coupon for the 10-year issue, led by Banque Internationale à Luxembourg, was fixed at 8⅞ per cent – the lowest for some years. Issue price is par and the bonds traded well inside the 1 per cent selling concession.

Secondary market trading in D-Mark bonds was subdued yesterday with the market lacking direction. Prices were slightly firmer on average.

In the Swiss franc foreign bond market, prices gained ¼ point on average with trading at a higher level than has been seen recently.

Crédit Suisse fixed terms for Kobe Steel's SwFr 100m issue with equity warrants as indicated at a 3 per cent coupon. Swiss Volksbank has cut the coupons on Aoki Corporation's two-tranche issue from 1⅞ to 1⅝ per cent for the convertible tranche and from 3⅛ to 2⅞ per cent on the issue with equity warrants.

International bond service, Page 19

INTERNATIONAL COMPANIES and FINANCE

FOREX DEALINGS SUSPENDED AMID POLICE INQUIRY

Fletcher Challenge strongly ahead

BY DAI HAYWARD IN WELLINGTON

FLETCHER CHALLENGE, New Zealand's largest company, achieved record net profits of NZ$180.9m (US$93.6m) in the year to June, ahead by 38 per cent, on turnover which at NZ$4.41bn was 27 per cent above last year's level.

The growing internationalism of Fletcher Challenge — which has interests in forest products, construction, financial services and farming — was highlighted by tho returns from its overseas activities and exports. These provided NZ$2bn or 45 per cent of total revenue.

The results were marred, however, by an announcement that Broadbank Corporation, its finance houso subsidiary, is temporarily to close its foreign exchange trading operations following losses of nearly NZ$23m incurred through unauthorised dealings. An after-tax loss of NZ7.9m has been provided for in Fletcher's accounts.

Police have interviewed a number of people involved in foreign exchange dealings, including staff in Broadbank and other finance houses. One senier Broadbank employee has resigned and six other management staff have been asked to take indefinite leave.

The company launched its own inquiry two weeks ago when it discovered that a substantial sum had been lost on foreign exchange deals during a five-week period.

A private group using the facilities of Broadbank and other financial institutiens had reportedly gambled on a drop in the value of the New Zealand dollar when it was floated earlier this year. Experts had predicted that it would drop, but instead it firmed against its Australian and U.S. counterparts.

Broadbank will still provide a fereign exchange service for its clients, but in future will act only as a broker, placing the business through ether agencies such as the trading banks.

Sir Ronald Trotter, Fletcher's chairman, described the Broadbank loss as a disappointment, but said the strength of the company enabled it to absorb this setback.

The dividend is being raised from 20 cents gross per share to 22.5 cents.

The company had a NZ$47.7m tax bill in contrast to a credit last year of $24.4m gained through export subsidies and other tax rebates.

This year's results include $55.5m in deferred income from North American operations. Sir Ronald is confident the group will do even better next year and he made particular reference to prospects in North America, where the company is involved with the Crown Zellerbach forestry operation in Canada.

Export sales from Fletcher's ewn operations exceeded NZ$500m for the first time, with another NZ$499m export earnings coming from indirect sales. Tho group now produces nearly 10 per cent of New Zealand's total export earnings.

Sabic plans $4.5bn investment in 1985-90

By Tony Jackson

SAUDI Basic Industries Corporation (Sabic) is to invest $4.5bn in petrochemical and steel projects in the years 1985-90. This will bring total Sabic investment in the decade to $15bn.

In 1984, Sabic made profits of $9.4m on turnover of $410m, says the corporation's eighth annual report. "Sales in 1984 are mere indicators of what may be considered the first year of Sabic's marketing stage, and the first fruits of coming years," the company said.

Sabic and its joint venture partners—most of which are U.S. companies—sold 949,512 tonnes of methanol, 868,089 tonnes of urea, 845,000 tonnes of steel and 11,070 tonnes of linear low-density polyethylene (LLDPE) in 1984. The LLDPE plants, which were starting up in 1984, came fully on stream this year.

Investment in 1985-90 is to be in what Sabic terms second generation projects. These consist largely of petrochemicals, based on Saudi Arabia's low cost gas feedstocks, but also metals production. When completed, the second generation projects are to yield a combined annual production of 3.5m tonnes of petrochemicals, plastics, fertilisers and metals.

Employees in the new projects are to total 5,400, on top of the 7,000 employed on existing ventures. The aim is for a workforce which is 75 per cent Saudi nationals in the near future, against a present level of 47 per cent.

The first public flotation of Sabic shares took place last year. The initial 20 per cent offering was three times oversubscribed, so the flotation was stepped up to 30 per cent.

Malaysian proposals on brokers' equity criticised

BY WONG SULONG IN KUALA LUMPUR

A MALAYSIAN Treasury proposal to allow a limited amount of outside equity participation in local stockbrokers has received a lukewarm response from Malaysian merchant banks and foreign broking bouses.

The proposal, which is believod to have the support of the Kuala Lumpur Stock Exchange (KLSE), recommends that the maximum equity allowed in member brokers ho limited to 31 per cent for merchant banks and 20 per cent for foreign stockbrokers.

This recommendation is now being debated by a task force, set up two months ago, and comprising representatives from the Treasury, KLSE and merchant banks. It will submit its report to Mr Daim Zainuddin, the Finance Minister, by the end of the month so that be can announce changes to securities industry regulation in the Budget, due in October.

Merchant banks and foreign brokers say the Treasury proposal does not go far enough. They are argueing for the right to buy majority control in local stockbroking firms.

However, the KLSE supports the equity limits as it feels these would add depth to the securities industry and at the same time safeguard tho interests of smaller stockbrokers, which would not be able to compete with the banks and foreign broking houses.

Foreign brokers say they are unlikely to be interested in coming inte Malaysia if their equity is limited to 20 per cent.

Some Malaysian merchant banks are known to be having informal discussions with local stockbrokers, who are prepared to sell 51 per cent control to the banks. The banks feel such takeovers sheuld be allowed to proceed.

Restructuring moves at Gramophone Co of India

BY P. C. MAHANTI IN CALCUTTA

THE Gramophone Company of India, the 36 per cent affiliate of Thorn EMI ef the UK, has secured the services of leading entrepreneur Mr R. P. Goenka in its efforts to construct a package of financial revival measures.

Mr Goenka, who already controls Dunlop India, is not taking an equity stake in the Gramophone Company. But with the assistance of Mr Udayan Bose, e merchant banker, he is to organise an injection of funds from financial institutions and to advise on managerial resources, where be says the company noeds immediate assistance.

This will form part of a recovery package based on diversification and expansion. The company bas plans to raise cassette manufacture to 10m units.

The funding needed is not available from its own resources. The company has been incurring heavy losses during the past three years and the cumulative deficit to date may be more than Rs 100m ($8.3m).

Confirming the arrangement with Mr Goenka, Mr Bhaskar Monon, chairman ef the Gramophone Company, said Thorn EMI would retain both its existing investment and its commercial and technical relationships.

● The General Electric Company of India, majority controlled by GEC of the UK, has reported improved results fer the year to last March. On turnover of Rs 803.1m ($66.6m) against Rs 711m, pre-tax profits were Rs 53.4m compared with Rs 47.6m. Net earnings rose to Rs 20.9m from Rs 17.5m.

However, in keeping with the company's conservative dividend policy, a 15 per cent payout has been maintained.

Old Mutual lifts income 19.5%

BY ANTHONY ROBINSON IN JOHANNESBURG

OLD MUTUAL, South Africa's largest insurance group, reported a 19.5 per cent growth in total income to R2.8bn for the year to June, compared with R2.38bn ($1.13bn) in 1984.

Investment income rose 30.7 per cent to R1.04bn. This followed a change in investment strategy leading to a significant reduction in the level of untradable stock and a shift in favour of highly marketable investments, especially in South African prescribed securities. The market value of investments in government, public utility and municipal stocks rose 32 per cent to R3.59bn.

Premium income from individual group business rose 15.9 per cent to R968m while group premium income rose 11.4 per cent to R828m.

The group "significantly increased" its equity holdings—prominent among these were Anglo American Corporation, Barlow Rand and Stanbic—and also continued investing beavily in property, where its portfolio rose 23 per cent to R1.96bn.

Its position as industry leader in South Africa was strengthened so that by end-December it had 27.5 per cent of all individual life business and 28.7 per cent of all group business.

Benefits paid to policy holders and beneficiaries rose 41 per cent to R836m.

New Australian group enters fire clays market

BY JOHN McILWRAITH IN PERTH

AN AUSTRALIAN company is being set up to exploit the country's lucrative market for fire clays in the ceramics and paper industries.

At present English China Clays of the UK has a 51 per cent interest in the biggest company in the field in Australia, Kaolin Australia. The new company, Australian China Clays, has rich deposits of clay in New South Wales, and plans major exports, particularly to South-East Asia and Japan.

The two will not be in direct competition immediately, because English China Clays mostly serves the paper and chomical industries while Australian China Clays will specialise in porcelain and other ceramics.

It is understood that the new company has arranged to raise some A$4m (U.S.$2.7m) in a share issue underwritten by the Australian stockbroker, Bain & Co. The major part of the funds will be used to build a 25,000-tonne a year plant, which can be readily expanded in the future, te upgrade clay from a deposit with 2.5m tennes in proven and probable reserves.

Clay may prove to be more profitable than some Australian gold mines, given the bigh prices being received on international markets. These range between A$150 and A$300 a tonne FOB.

The deposits already produce big toonages of clay in a less processed form and Australian China Clays will take over the reserves and current business from Swan Resources, its parent company, which will retain about half the new company.

Terrex/BHP joint venture

By Kenneth Marston, Mining Editor

TERREX RESOURCES has completed a joint venture agreement with Broken Hill Propriotary (BHP) for the exploration of gold leases in Western Australia, notably at the Lady Evelyn gold prospect where BHP is to spend US$500,000 on exploration.

Terrex is also in the final stages of negotiation on the development of other gold leases with Consolidated Gold Fields. Also in progress are negotiations to acquire a majority interest in the Gandy's Hill gold prospect.

Zambia Copper loss

ZAMBIA Consolidated Copper Mines reports a net loss for the Juno quarter of K28.3m ($7m) compared with a loss of K3.1m a year ago, writes our Mining Editor. Exchango losses amounted to K29.6m (K17.6m) and interest payments were K40.1m (K32.9m).

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE SEPTEMBER 6, 1985

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	10.673	0.005	12.966	10.629
Canadian Dollar	11.577	0.300	13.530	11.526
Euroguilder	6.327	0.176	7.879	6.263
Euro Currency Unit	9.203	0.162	11.288	9.189
Sterling	10.958	−0.403	11.755	10.809
Deutschemark	6.877	0.003	7.952	6.856

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

INTERNATIONAL COMPANIES and FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex Credit 10⅞ 90	100	100⅞	101⅜	−0⅛	−0⅝	10.52
Amex Credit 12⅝ 88	150	105	105½	−0⅛	−0¾	10.53
Allied Richfld 10¼ 00	250	93⅛	93⅝	−0⅛	−1⅞	11.17
Australia Com 11¼ 90	100	102¾	103¼	+0⅛	−0⅞	10.82
Australia Com 11 95	200	101⅛	102	0	−1⅜	10.88
BP Capital 11⅝ 92	250	101⅞	102⅜	−0⅛	−1	10.62
Canada 11½ 90	500	104¼	104¾	0	−1⅝	10.17
Canadian Pac 10¾ 93	100	100½	101	+0⅛	−0½	10.58
Canadian Pac 12½ 89	75	106½	107	0	−1⅞	11.50
CBS Inc 11⅜ 92	100	101½	102	−0⅛	−1⅜	10.99
Chevron U.S.A. 12¼ 89	600	103⅝	104⅛	0	−0½	11.01
Citicorp 11½ 95	150	100⅛	100⅝	0	−1⅛	11.41
Coca Cola 11¾ 91	100	105⅛	105⅝	0	−1½	10.28
Denmark Kingdom 11¼ 90	100	101⅝	102⅛	0	−1⅜	10.58
Denmark Kingdom 11½ 90	100	103⅛	103⅝	−0⅛	−1⅜	10.51
Denmark Kingdom 11½ 92	100	102¾	103¼	+0⅛	−1½	10.81
Denmark Kingdom 13¼ 91	100	109¾	110¼	0	−1¼	10.90
E.D.F. 10 95	225	94⅜	94⅞	−0⅛	−1⅛	10.91
E.E.C. 11⅛ 90	100	102	102½	0	−1⅜	10.42
E.I.B. 12 95	200	105¼	105¾	+0¼	−1¼	10.85
Export Dev Corp 10 90	100	98¾	99¼	0	−1¼	10.25
Export Dev Corp 12 89	100	105¼	105¾	0	−0⅞	10.28
Fed Dep Stores 10⅛ 95	100	96⅜	96⅞	−0⅛	−1	10.68
Ford Motor Cred 11⅝ 90	100	101⅝	102⅛	−0⅛	−0⅞	10.78
Ford Motor Cred 11⅝ 95	100	101¼	101¾	−0⅛	−1½	11.33
Ford Motor Cred 11¾ 92	100	102⅛	102⅝	−0¼	−1⅜	11.19
Ford Motor Cred 12 95	100	103¾	104¼	0	−1½	11.26
Gen Elec Credit 10¼ 00	200	99⅝	100⅛	0	−1	10.25
GMAC 10¼ 89	200	99⅝	100⅛	0	−1⅛	10.26
IBM Credit 10⅞ 2000	300	100⅞	101⅜	0	−0⅞	10.21
Kellogg Company 10⅞ 90	100	101⅝	102⅛	−0⅛	−0⅞	10.28
Kellogg Company 11¼ 92	100	102⅞	103⅜	0	−1⅛	10.52
L.T.C.B. 12⅞ 91	100	108⅝	109⅛	−0⅛	−1½	10.80
Macy Cred Corp 11¾ 95	100	103⅛	103⅝	+0¼	−1½	11.13
Mellon Bank 13 87	100	104⅞	105⅜	−0⅛	−0⅞	9.93
Merrill Lynch 12¼ 89	100	104¼	104¾	−0⅛	−1⅛	11.20
Minnesota 11½ 87	100	102⅞	103⅜	−0⅛	−1⅛	9.75
Mitsui Trust 11⅜ 90	100	102⅛	102⅝	+0⅛	−1⅛	10.94
Morgan Guaranty 12⅜ 89	150	105⅜	105⅞	−0⅛	−1	10.59
Penney J.C. 12¾ 91	100	105¾	106¼	−0⅛	−1⅛	11.21
Pru Realty secs 12¼ 95	546	106½	107	−0⅛	−1¼	10.91
Qantas Airways 10⅞ 95	140	97¾	98¼	0	−1½	10.70
Quebec Hydro 11½ 92	100	102¾	103¼	−0¼	−1⅛	10.86
Queensland Govt 10¼ 95	100	98¼	98¾	0	−1¼	10.94
Ralston Purina 11¾ 95	100	103⅞	104⅜	+0⅛	−0⅞	11.01
Ralston Purina 12¾ 89	100	106¾	107¼	−0⅛	−1	10.54
Saskatchewan 10¼ 92	100	100⅜	100⅞	+0⅛	−1½	10.68
Saskatchewan 11⅞ 89	100	104⅝	105⅛	0	−0¾	10.35
Statoil 10 90	170	99⅜	99⅞	0	−0⅞	10.16
S Wales Trsy 11¾ 90	150	103⅝	104⅛	0	−1⅜	10.61
Swed Exp Cred 10 92	100	96⅝	97⅛	0	−1⅛	10.65
Swed Exp Cred 12¼ 89XW	100	106⅜	106⅞	0	−1⅛	10.03
Sweden Kingdom 10⅞ 89	200	101⅛	101⅝	+0⅛	−1¼	10.46
Sweden Kingdom 11½ 89	200	103	103½	−0⅛	−1¼	10.48
Sweden Kingdom 11¾ 94	100	104⅞	105⅜	0	−1	10.83
Tenneco Corp 10¾ 95	100	98¾	99¼	−0⅛	−1½	10.90
Texaco Capital 11⅛ 95	250	99⅞	100⅜	−0⅛	−1⅜	11.08
Tokai Asia 11½ 95	100	101½	102	0	−1¼	11.17
Victorian Rep 11⅛ 92	150	103¼	103¾	0	−1¼	10.83
World Bank 10⅛ 95	300	96½	97	−0⅛	−1½	10.66
World Bank 12¾ 94	200	110⅝	111⅛	−0⅛	−1⅜	10.91

Average price change On day 0 on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 8 94	200	106⅝	107⅛	+0⅛	−0⅝	6.97
Austria Republic 7⅝ 94	200	104¾	105¼	+0¼	−0½	6.82
Baxter Travenol 7¼ 94	200	103⅛	103⅝	+0⅛	+0⅛	6.70
Copenhagen 7⅝ 95	150	101½	102¼	−0⅛	−0¼	7.09
Credit National 8⅛ 94	200	106⅞	107⅜	−0⅛	−1⅛	6.88
E.I.B. 7¼ 94	300	103	103½	+0⅛	−0⅝	6.78
Escom 8 92	150	92⅞	93⅜	−1¼	−2	9.41
Ex-Im Bk Korea 7⅜ 90	100	99¼	99¾	+0⅛	0	7.74
Ferrovie Dello Stato 8 91	100	105⅛	105⅝	0	−1	6.85
Finland Republic 7 92	200	101½	102¼	+0¼	−0⅛	6.62
Gould Int Fin 7⅜ 91	100	104⅝	105⅛	−0¼	−1¼	6.53
Ireland 8¼ 92	150	106⅜	106⅞	+0⅜	+0½	6.87
Japan Fin Corp 7⅜ 91	100	105⅛	105⅞	+0¼	−0¼	6.45
Mitsubishi Hvy 3½ 89WW	300	153⅞	154⅝	+1¾	+1⅞	−8.81
Mitsubishi Hvy 3½ 89XW	300	92⅛	93⅝	−0⅛	−0⅛	5.64
Mitsubishi Met 3⅜ 89WW	100	105	106¼	+0⅝	−0¾	1.75
Mitsubishi Met 3⅜ 89XW	100	90⅜	91⅛	−0⅛	−0½	5.61
Quebec Hydro 7⅛ 95	200	100	100¾	0	−0¾	6.64
Renfe 7¾ 95	100	103¾	104¼	0	−0⅛	7.15
Renown 3⅝ 90	80	109½	110½	+3½	+2⅞	0.98
Soc Cent Nucleair 7½ 95	150	101	101¾	0	−0⅝	7.05
Societe Cent Nucleair 8 91	100	107¼	108	+0¼	+0⅜	6.38
Sth African Tran 7⅝ 92	100	90¼	91	−1⅛	−0⅞	9.47
World Bank 7 95	600	†101¾	102¼	+0¼	−0¼	6.71
World Bank 7¼ 89	100	103⅜	104⅛	0	−0⅛	6.46

Average price change On day +0¼ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev Bk 6¼ 94	100	†101¾	102¼	−0⅛	−0¼	5.98
Avon Cap Corp 5⅝ 94	100	†99¾	100¼	+0⅜	+0¼	5.37
Bat Ind Comp 6½ 88	75	†103½	104	−0⅜	−0½	5.09
Council of Europe 6 92	120	†103	103¾	0	−0⅞	5.42
Creditanstalt 5½ 94	100	†99¼	99¾	+0⅜	+0¼	5.57
Deutsche Bk Fin 5⅜ 95	100	†101	101⅛	+0⅛	−0¼	5.20
E.I.B. 5⅞ 94	120	†102½	103	+0⅛	+0¼	5.48
Export Dev Corp 5⅜ 92	125	†101	101½	+0⅛	−0¼	5.16
Gen Occidentale 4½ 94	80	†103½	104	−0⅜	+0¼	4.00
I C Industries 5⅝ 94	125	†103½	104	+0⅞	+1½	5.10
Ind Fund Fin 5¼ 94	40	†101½	102	−0⅛	0	5.50
Int-Am Dev Bk 5⅝ 94	120	†102	103	−1⅛	+0¼	5.76
N.Zealand steel 5¼ 98	70	†98¼	99½	+0¼	−0⅛	5.82
Oberoi Kiwk 5⅜ 95	100	†99¼	99½	0	−0⅛	5.46
Ralston Purina 5⅜ 94	125	†101	101½	+0⅛	0	5.29
Santos Finance Ltd 6 94	130	†100	100½	0	0	5.95
Tokyo Elec Pwr 5½ 93	120	†100¼	100½	0	−0⅛	5.43
Tokyo Metropolis 5¼ 94	80	†99½	100	+0⅜	+0¼	5.28
World Bk 5¾ 94	150	†101¾	103¼	+0⅞	+0¾	5.46

Average price change On day +0⅛ on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Finland Republic 6⅞ 90	15	100½	101	+0⅛	0	6.54
Gdyr Tr & Rubber 7⅜ 95	25	99¾	100¼	+0⅛	−0¼	7.12
Mort Bk Denmark 7 92	10	100½	101	+0⅜	+0⅛	6.85
New Brunswick 7⅛ 95	10	101⅞	102⅜	+0⅛	−0⅛	6.82
Swed Exp Cred Zero 90	14	72⅛	72⅝	0	−0¼	6.62

Average price change On day +0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Chrysler Fin 13⅝ 92 $A	55	100¾	101¾	−0⅛	−0½	13.33
Rural & Inds. 13¼ 88$A	50	96	97	+0⅛	−1⅛	14.79
SBSA Finance 13 88 $A	50	94⅞	95⅞	+0⅛	−1¼	15.04
State Bk NSW 12¾ 90 $A	75	94	95	−0⅛	−1⅜	14.37
Amex 10⅞ 90 C$	90	100¼	100¾	−0¼	−1⅜	10.69
Genstar Fin 11¾ 95 C$	75	98⅞	99⅜	+0⅛	+0⅛	11.89
Hamil-Wentth 10¾ 95C$	25	†90½	95	−1¼	−2	11.66
Loblaw Cos 11⅜ 92 C$	90	†99¾	100¼	−0⅜	−0¼	11.60
New Brunswick 11⅝ 95C$	75	†101	101½	−0¼	−1⅜	11.38
Shell Canada 11¼ 92 C$	75	99⅞	100⅜	+0⅛	−1⅛	11.21
Winnipeg City 10⅞ 90C$	50	98¼	99¾	−0⅛	0	10.74
Christ Bk 16¼ 90 NS	50	93	95	+0½	+1¾	15.96
DG Bank 16½ 90 NS	75	99	101	−0½	−2	16.47
Westpac Bk 16⅛ 88 NS	50	95	98	0	−1	17.48
Creditanstalt 8⅞ 94ECU	60	99	99¾	0	0	8.97
Motorola 8⅝ 92 ECU	90	98⅞	99⅜	−0⅛	+0⅛	9.13
Walt Disney 9⅛ 95 ECU	80	101¼	102	0	−0¼	8.95
Eurofima 7½ 92 FL	50	104½	105	+0¼	0	6.58
Philips Lamps 7½ 90 FL	100	104	104½	+0¼	−0½	6.46
Rank Xerox 8 90 FL	100	104½	105	+0¼	−0⅛	6.76
Van Lanschot 7½ 90FL	50	102⅝	103⅛	+0⅛	+0⅛	6.79
World Bank 7½ 90 FL	100	104⅛	104⅝	+0⅛	−0⅜	6.36
IBM France 11⅛ 90 FF	700	94¾	95¼	+0⅛	−0½	11.39
Australia Comm 11 92 £	40	99⅝	100⅛	0	−0¾	11.00
BP Capital 10¼ 92 £	50	96⅝	97⅛	0	−0¾	10.98
E.I.B. 11⅛ 93 £	50	100	100½	+0⅛	−0⅝	11.05
GMAC UK Fin 10½ 90 £	30	98⅛	98⅝	+0⅛	−0¾	10.83
Imp Chem Inds 11¼ 95 £	75	99⅝	100⅛	+0¼	−1⅛	11.27
Imp chem Inds 10¼ 92 £	75	96⅞	97⅜	−0⅛	−1	11.36
Mcdonalds 10⅞ 90 £	40	99⅝	100⅛	+0⅛	−0½	10.87
Mitsubishi Fin HK 11 90 £	50	99⅜	99⅞	−0⅛	−0⅝	11.07
Privatbanken 11⅞ 92 £	20	100¼	100¾	0	−0⅛	11.73
Rank Xerox 11 92 £	40	98¼	98¾	+0¼	−0¼	11.28
Royal Ins 10¼ 92 £	60	96¼	96¾	−0⅛	−0⅞	11.50
Ster Drug Cap 10⅞ 90 £	80	98¾	99¼	0	−0⅝	11.13
Tricentrol XW 11 92 £	35	94⅜	94⅞	0	−0¾	12.19
Trusthouse Forte 11⅛ 90£	50	98⅝	99⅛	0	−0⅝	11.41
World Bank 11¼ 95 £	100	101⅜	101⅞	0	−1⅛	10.95
E.C.S.C. 10⅛ 94LF	100	103½	104½	+1½	+1⅛	9.80
Nat Lux Alum 10⅛ 92 LF	600	104	105	+0½	+0⅛	9.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5⅛ 92	0	†99⅝	100⅛	27/8	8.6	8.61
BankAmerica O/S 5¼ 90	0⅛	99⅞	100⅜	3/8	8⅛	8.11
Bankers Trust 5 2000	0	98⅝	99⅛	11/9	7.69	7.71
Bankers Trust 5¼ 95	0⅛	100⅛	100⅜	13/11	8.31	8.29
B.F.C.E. 5¼ 99	0⅛	100¼	100½	13/9	10.06	10.02
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/1	8¼	8.24
C.C.F. 5¼ 97	0	99⅝	99⅞	22/9	10⅝	10.65
Chase Man'tn 5 2000	0	99⅝	100⅛	12/11	8⅛	8.18
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅜	6/3	7.81	7.80
Citicorp O/S 5¼ 98 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.22
Credit Lyonnais 5¼ 95	0¼	100⅝	100⅞	11/10	9.69	9.62
Ireland 5¼ 97	0	100	100¼	28/10	9.69	9.68
Ireland 5¼ 99	0	100⅛	100⅜	14/9	10	9.96
Italy, Republic 5 94	0¼	100	100½	12/11	8⅛	8.05
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	9/12	8	7.99
Midland Bank Perp 5	0¼	99½	100	19/12	8⅛	8.15
Nat West Perp 5	0⅛	101	101¼	13/11	8⅛	7.82
Nat West Perp A 5¼ S	0¼	99⅝	99⅞	9/1	8¼	8.27
Nat West Perp B 5¼ S	0¼	99¾	100	10/2	8.01	8.02
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Queensland Coal 5¼ 96	0¼	100¼	100½	12/11	9	8.97
Roy Bk Canada 5 2005	0⅛	99⅞	100⅛	5/3	8⅛	8.14
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
Sweden Perp 5¼	0¼	100	100¼	5/11	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100½	12/12	8⅛	8.09

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	109⅜	110⅜	+1⅛	8.89
Comcast 7 2000	12/85	23.875	†103½	104¼	−0¼	24.00
Fanuc 3¾ 98	1/84	7032.3	151⅝	153⅛	+3¼	38.81
Fujitsu 3 99	5/84	1320.9	92¼	93¼	+2⅛	31.58
Komagai Gumi 3½ 2000	2/85	600	149¾	150⅝	+0¼	1.17
Marui 3½ 99	7/84	1162	125	126	+2¼	5.05
Mitsubishi Elec 2⅞ 00	3/85	427	90½	91½	+0⅝	4.14
Murata 3½ 99	2/84	2351.2	90⅛	91⅛	+0¾	28.38
Murata 3½ 2000	7/84	2398	90⅛	91⅛	+0¾	32.90
Nippon Elec 2⅞ 2000	1/85	1295	82	83	+1½	25.56
Nippon Oil Co 3 2000	5/85	923	88¼	89¼	+0⅛	2.31
Oki Elec Ind 3½ 99	10/84	605	86⅛	87⅛	−0½	36.38
Orient Leasing 5¼ 98	6/83	2680	95½	97	+0¼	2.04
Sekisui House 3 99	6/84	812	144	145	+0⅜	3.35
Sumitomo Bank 2¾ 2000	8/85	2142	97	98	0	17.74
Sumitomo Corp 2⅞ 99	5/84	593	113⅞	114⅛	+0¼	1.43
Taiyo Yuden 3¼ 2000	3/85	1078	†84	86	+2	0.43
Takeda Riken 3⅜ 2000	10/84	7653	†79	81	0	33.91
Tokyo Sanyo Elec 3½ 99	1/84	772	96⅜	97⅜	+0¾	22.59
Toshiba Ceramics 3 2000	4/85	1734.2	90¼	91½	+1½	18.27
Nippon Oil Co 2½ 92 SF	3/84	1052	†101½	102	+0⅛	31.88
Nippon Shinpan Co 2 92 SF	3/84	801	†99	99½	+1⅛	11.75
Asics 5 92 DM	12/83	520	107¼	108¼	0	20.77
Sum Realty 6¼ 92 DM	2/83	338	†313⅝	314⅝	+4¾	−1*

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Aegon sells CrownX interest for $94m

BY OUR FINANCIAL STAFF

AEGON, the Dutch insurance group, is disposiog of its 20 per cent shareholding io the CrownX group of Canada, selling to two investment banks for Fl 310m ($94m).

The group says it is pulling out of CrownX, an insurance company with interests in nursing homes, to concentrate more fully oo other North American interests. It expects to make a book profit of Fl 40m on the sale.

Earlier this summer, Aegon disclosed plans to raise $55m through an issue of shares on the over-the-counter (OTC) market in New York. It is the second largest insurance group in the Netherlands.

Aegoo said the sale was to avoid possible conflict of interest involving CrownX and North American life insurance operations in which Aegon holds a majority interest. It also pointed out that Aegon was prevented by Canadian law from increasiog its CrownX stake beyond 33 per cent.

The stake is being acquired by Burns Fry and Dominion Securities Pitfield, both Toronto investment dealers. They plan to resell the shares to the public at C$20.75 (U.S.$15.14) each by the end of September.

For its part, CrownX has agreed to buy back a C$20m convertible debenture held by Aegon for C$29m.

● Minihouse, the Dutch computer systems group which is listed on the Loodon OTC market, plans to seek a quotation and raise capital through the Amsterdam stock market.

The company, which reports reduced profits for the first half of 1985, does not put a timescale in its planned Dutch bourse move, but says shareholders will be kept fully informed.

Sales increased 51 per cent to Fl 30.4m ($9.2m) or 29 per cent, excluding ao acquisition. Profits before tax emerged at Fl 2.4m, against Fl 2.98m for the first half of last year. Minihouse turned in pre-tax profits of Fl 4.0m for 1984 as a whole.

However, profits during the current six months are forecast to show a significant improvement following increases in order intake.

Baldwin policyholders to get extra benefits

METROPOLITAN Life Insurance and 18 securities brokers who sold policies for Baldwin-Uoited units reached an agreement providing for the implemeotatioo of ao enhancemeot plan for Baldwin-United policyholders, Reuter reports.

Under the terms of the enhancemeot plan, policyholders will receive extra benefits to what they can expect to receive under the current rehabilitation plan.

Those accepting the new offer would receive a Metropolitan annuity contract guaranteeiog both the return of their origioal premiums plus interest Metropolitan said.

The agreement was approved by a counsel for the majority of the policyholders and by the Arkansas and Indiona insurance commissiooers.

Baldwin, a financial services company, filed for protection under bankruptcy laws about two years ago. Two of its subsidiaries sold more than $3bn single premium deferred annuities, mostly through brokerage firms.

The enhancement provides for an infusion of substantial funds, about $140m from the participating securities brokers, and $50m from the participating insurance companies.

Power station buy puts Aga in leading position

BY DAVID BROWN IN KARLSTAD

AGA, the industrial gas group, will become one of Sweden's leading private power producers, following its agreement yesterday to purchase 30 hydro-electric power stations plus distribution facilities from Stora Kopparberg, the forest products company, in an SKr 539m ($62.6m) deal.

The deal raises its total capacity, including leased resources, by 545 GWh to 1,975 GWh, bringing in an annual income of nearly SKr 1bn, or 10 per cent of its expected annual turnover this year, said Mr Marcus Storch, AGA's managing director.

AGA already has substantial power generating facilities in its subsidiary, Uddeholm, which it acquired last May for SKr 3bn. Uddeholm has a 50 per cent holding in Värmlandsenergi, the regional power management company, and is to acquire the remaining 50 per cent stake now held by Stora.

By combining these production and distributioo facilities, which represeot 41 per cent of the resources of the Värmland region of western Sweden. Mr Storch said AGA had acquired a "solid, long-term investment."

Cash-rich AGA has liquid assets estimated at roughly SKr 2.2bn.

Emhart buys Allegheny unit

BY OUR FINANCIAL STAFF

EMHART, the Connecticut-based group engaged maioly io capital goods manufacture, is to buy True Temper, a subsidiary of Allegheny International, for $115m.

True Temper, best known for its golf club shafts, also makes oon-powered garden and lawn tools including wheelbarrows, seeders and spreaders.

It has manufacturing plants in South Carolina, New York, Peonsylvania, Tennessee and Canada and employs 1,750.

For 1985, sales are forecast at $140m.

UK COMPANY NEWS

Enlarged BTR surges 31% to £151m

BTR, enlarged by the £101m cash and share acquisition of Dunlop Holdings, recorded sales of £1.89bn and pre-tax profits of £161m for the first six months of 1985.

The figures, which include those of Dunlop from April 1, compare with the £1.56bn and £115m echieved by BTR alone over the same months of the previous year.

With earnings showing an improvement of 2p at 9.3p per 25p share the interim dividend is being lifted from an equivalent 2.875p to 3.75p net.

Sir Owen Green, the chairman, tells *shareholders in his interim* report that the fusipon of the Dunlop group with BTR has made fine progress. He adds that there has been a speedy harmonsation of aims, objectives and style in management which will increasingly generate better *contributions.*

Group operating profits for the half-year improved by £45m to £188m. Pre-tax results were after deducting finance costs amounting to £49m (£34m) and edding in other income of £12m (£6m).

Tax rose to £44m (£34m) and minorities to £6m (£3m).

A divisional breakdown of operating profits shows: construction 25m (same), eoergy and *electrical* £36m (£31m), industrial £30m (£22m), consumer related £89m (£56m) and financial services £8m (£9m).

Geographically, the figures broke down as to Europe £104m (£83m), West £†3m (£48m) and East £21m (£12m).

Sir Owen *says there have been* volume gains as well as efficiency achievements in many of the manufacturing operations and although the distribution activities mede progress they have not yet benefitted from the gradual easement of tight money policies worldwide.

He adds that further challenges and opportunities of 1985 are being sought and will be seized to fortify the extra *seasonal response that the second* six months provides.

During the first balf in construction continuing improvements in quarried materials activities in the U.S. and in specialist operations elsewhere were offset by volume related *declines* in builders' *merchanting.* The benefits of cost reduction here have not yet outweighed the expense of obtaining them.

The electrical distribution networks continued to raise their performance. By contrast, in serving the oil industry BTR's distributors continned to suffer from low demand, but specialist manufecturers made substantial gains.

The industrial sectors improved results were widely drawn and well secured.

Sir Owen points out that although the consumer-orientated business was augmented by first-time contributions from Dunlop and Nylex it also gained from *several other* good performances, including the paper and the health care groups.

The offer by BTR for Dunlop was accepted by 87.3 per cent of holders. The group has now obtained the approval of its shareholders for a scheme of arrangement to buy in the outstanding 12.7 per cent of the tyre and robber concern.

The scheme is still subject to the sanction of the High Court but it is expected to become effective on or ebout October 28.

See Lex

Enterprise holds 20% of Saxon

By Dominic Lawson

Enterprise Oil, the former oil production arm of the British Gas Corporation, holds 20.2 per cent of the shares of Saxon Oil, a week before the first closing date of its £122m cash bid for Saxon, also an exploration company.

Saxon's share price, hit with the rest of the oil sector by the expectation that Saudi Arabia *will soon* begin *cut-price* oil sales, has fallen to a level et which Enterprise can pick up stock at the 540p bid prices.

Saxon had previously agreed a merger with Charterhouse Petroleum, another UK oil company, but this was blown off course by the Enterprise bid. Of the 38 per cent of Saxon shareholders wbo voted in favour of the Charterhouse merger, all but 7.45 per cent have withdrawn their acceptances.

Oil shares were also hit yesterday by unfounded rumours that Sheikh Yamani, the Saudi oil minister, bad been shot. BP shares fell 9p to 546p, e two-day fall of 22p, while Shell shares *fell 5p to* 703p, *a two-day* fall of 17p. Sheikh Yamani is expected in England today on a non-official visit.

Dinkie Heel

DINKIE HEEL is proposing to ecquire the footwear division of FTS Rubber, e private company, for £550,000 cash and 890,000 new shares of 5p each in Dinkie Heel, giving a total consideration of ebout £661,250. It has also announced e fall in pre-tax profits for the first half of 1985 from £55,000 to £10,000 on turnover down et £961,000 (£994,000). The interim dividend is held at 0.2p.

NHLC unveils £100m full listing offer

BY MARGARET HUGHES

National Home Loans Corporation, which was recently formed and, is to be the first publicly quoted company, investing directly in residential mortgages, yesterday announced terms of an offer to raise just under £100m.

It is offering for subscription 50m of its partly paid ordinary shares of 75p each issued at £1 and £50m in partly paid 8 per cent convertible loan stock.

The shares and loan stock will be sold in minimum units of £200 comprising 100 shares and £100 *nominal* loan *stock with* £100 payable on application.

Applications open on September 17.

The net amount to be raised will be around £45.7m with e further £50m to called during the first nine months of 1986.

NHLC said yesterday that it was issuing partly paid securities *because* it would not reqnire the full issue proceeds immediately as its investment would be made over a period of time. The balance of the issue price of both ordinary shares and loan stock will be called up on a *single date between January* 1 and September 30 1986.

The directors claimed that they were "aware" of intended *applications for all the units* being offered from financial institutions. If all these were received 75 per cent would be accepted with applications from the general public getting priority for the remaining 25 per cent not pre-placed.

The offer has been underwritten by Hongkong Bank and James Capel are brokers. Dealings are expected to start on September 2½ and e full listing will be obtained.

National Home Loans, based at Solihull in the West Midlands, was established earlier this month by a group of City institutions *to* invest directly in mortgage loans secured on residential property in the UK.

In its first three years it will establish a mortgage portfolio by taking over certain mortgage lending activities of selected local enthorities and financial institutions.

It is understood to have identified local authority mortgage portfolios worth about £200m and expects to make its first *major investments* in *November.*

See Lex

Elders' chief seeks U.S. partners for Allied bid

BY DAVID GOODHART

MR JOHN ELLIOTT, chairman *of Elders IXL,* arrived in the United States yesterday to continue discussions with a number of U.S. companies on the possibility of joining an Elders-led consortium bid for Allied Lyons, the British food and drink company.

When Elders announced its intention to bid last week Mr *Elliott said consortium discussions* were continuing with four companies, but since the statement was made e number of other companies had expressed interest.

Mr Christopher Roshier of Hill Samuel, which is ecting for Elders, stressed yesterday that despite market rumours to the contrary the company was not expecting to make e further announcement for another "four *or five weeks.*" In its original announcement Elders said it expected to "clarify the situation within six weeks."

It is now known that the group of five banks, so-ordinated by Citicorp, which have arranged loan commitments to fund a 250p offer for Allied includes no Britisb or Australian banks. Mr Elliott said bis company had good relations with the banks in both countries but "British *banks might face a conflict* of interest" over funding a bid for Allied.

Elders seems almost certain to sell off Allied's food interests—probebly to e consortium partner—if its bid is successful.

Allied's financial edvisers, S. G. Warburg, beve complained to the Takeover Panel ebout the uncertainties creeted by Elders' announcement and are now keeping "in regular touch" with the Panel.

Panel relaxes timetable for Throgmorton Trust bid

THE Takeover Panel has given *Throgmorton Trust permission* for e relaxation of the normal timetable imposed by the City Code in its *£115m contested bid* for Scottish Northern Investment Trust (SNIT).

Under the normal timetable, Throgmorton should have posted its offer document late last month. However, it sought Panel permission to delay this when SNIT came up with e counter-proposal that the fund be unitised under the management of Murray Johnstone. Details of the plan have yet to be released.

Unitisations are not usually regarded as subject to the takeover code, but in this instance Throgmorton argue that the timetable governing its bid should be relaxed, so shareholders could consider the two proposals side by side.

In a letter to shareholders yesterday, SNIT said work on its detailed proposals *for* unitisation was progressing and was very *much in line with original expectations.* However, e number of issues remained to be clarified.

Capital Gearing

A majority of shareholders in Capital Gearing Trust, the Belfast-based company, has followed its board's example, and has voted against the cash and loan stock offer from Mr Tom Wilmot's Harvard Securities. The bid, which valued Capital at £2m, has been withdrawn.

The offer came last month when Harvard announced that it held a 5.3 per cent stake in the company. The Capital board, beaded by Maj G. W. Harding, refused then to recommend it to shareholders, and 51.05 per ceot of shareholders have now followed suit.

Apricot warns of losses in first half

By Jason Crisp

Apricot Computers—one of Britain's fastest growing companies—warned yesterday that after stock write downs it would make a loss in the first half of its financial year.

Apricot—formerly Applied Computer Technics—said pre-tax profits would be "considerably less than the record figure of £3.8m echieved last year." In addition Apricot as making e substantial provision against stocks, although this is not expected to exceed £3m after tax.

As e result, the company will make its first (interim) loss after 12 years of continuous profit growth. Apricot would not comment on the likely ontcome for the full year, other than it expected a significant improvement in the second balf.

Sales growth has been less than expected and the company is baving particular problems in France and West Germany. The main reason for the exceptional *stock provision is the very poor* sales of its Portable Computer in spite of sharp price cuts earlier this year.

Apricot bas grown very rapidly largely through its success in selling a range of personal computers for business in the UK market. In the year to March 1985 the company's pre-tax profit jumped 129 per cent to £10.6m on sales 82 per cent higher at £92.4m.

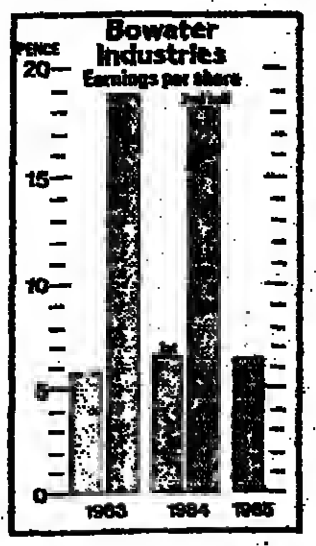
Sales in the first half are expected to be about £50m (np ebout 35 per cent) compared with an expected £60m. Tbe company has now downgrdaded its expectations for the full year from *£140m* to £120m. It has recently been coming under stronger pressure in the UK from IBM which has been increasing its market share with its "Personal Compnter."

Earlier this year Apricot predicted overseas sales would double to £40m in the current year with about balf coming from France and West Germany.

Apricot has had difficulty establishing itself in both those markets. In addition to strong competitioo from IBM and Apple of the U.S. it also faces a number of domestic rivals such as Nixdorf, Siemens, Triumpb Adler and Olympia in West Germany and Thomson and Logabax in France.

In a statement yesterday Apricot said: "The financial position of the company remains strong with substantial net cash balances and the directors anticipate a significant improvement in the second half of the year."

Bowater set to reap benefits



HIGHER DEPRECIATION but lower interest charges left Bowater Industries with pre-tax profits of £13.2m at the interim stage, an improvement of just £0.8m on the figures of the previous year.

City analysts had been looking for profits of around £16m and yesterday the group's shares shed 7p to close at 343p.

However, witb the major capital programmes and the associated *costs related* to the demerger of the North American ectivities largely behind it, Dr Ingram Kenton, the chairman, is looking forward to reaping the benefits from e group which he describes as vigorously managed, profitable and well focused.

He expects these benefits to become progressively evident in the grono's results and be augmented by contributions from its continuing programme of ecquisition and expansion.

Along with its interim results, the group revealed thet its Bowater Packaging offsboot had reacbed agreement to ecquire Givray, based et Auneuil, in France, a converter of corrugeted board, for FFr 13.2m (£1.12m).

Givray is an existing customer of Bowater's beevy-duty company at Hinckley, Leicestershire, and the purchase will extend the ectivity of the Bowater corrugated groun directly into so area of France hitherto served from its major operation in Benelux.

For the opening six months of 1985 group sales rose by £23m to £819m. Depreciation increased from £13.1m to £17.5m, but interest charges were reduced by £2.2m to £6.9m.

Earnings emerged at 6.4p (6.5p) and with the directors encouraged by the underlying progress the interim dividend is being lifted modestly from 3.5p to 3.75p net per £1 share. The group's interests are in packaging and associated products, merchanting and services, tissue products end pulp and paper.

In a statemeot following the results Dr Lenton put the once only costs at between £5m and £10m.

He also forecast bigger profits *over* the remeinder of the year. "Sector by sector we expect to be doing better at the trading profit level in the second half then we did last year," he said.

Dr Lenton summed up: "The current year was the one of *sowing* and 1986 would be the year of major reaping for Bowater."

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AB Ports	int	3.25	Nov 6	3	—	8.5
Atlantic Computers	int	0.75	Oct 11	0.75	—	2.25
BAT Industries	int	4.75	Nov 18	4.05	—	10.3
Blockleys	int	10¶	Oct 8	8	—	21
Bowater	int	3.75	Nov 4	3.5	—	8.5
BAT†	int	3.75	Nov 22	2.88*	—	6.5*
Chambers & Fargus		nil	—	0.5	nil	1
Costain Group	int	6.5	Oct 21	6	—	15
Deborah Services§		3.67	—	3.34	4.88	4.55
Dinkie Heel	int	0.2	Jan 2	0.2	—	0.55
English & Scottish	int	0.5	Oct 25	0.45	—	1.25
Haynes Publishing		9	—	8.5	13	12.5
London Park Hotels	int	3.5	Nov 27	3.15	—	7.38
Nurdin & Peacock	int	1.65	Oct 30	1.36*	—	3.36*
Reckitt & Colman	int	6	Jan 9	5.5	—	14.3
Sirdar		2.8	Dec 2	2	4.12	3.25
Trade Indemnity	int	4.25	Nov 4	3.75	—	8.44
United Real Property		9	Nov 1	7	13	10
VG Instruments	int	0.7	—	0.6	—	1.8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § *Unquoted stock.* ¶ *On capital enlarged by a placing.*

UK COMPANY NEWS

BAT slumps 24% after currency losses of £116m

BAT Industries yesterday announced a 24 per cent slump in first-half profits, principally blaming currency fluctuations and setbacks in U.S. retailing and UK insurance.

The result, down from £594m to £449m pre-tax, was well short of City expectations. Even without currency movements, which cost £116m, profits were down by 5 per cent.

Despite this, the interim dividend is being raised from 4.06p to 4.75p, still covered comfortably by earnings per share down at 16.94p, against 23.16p.

Around half of the currency impact on profits was due to North America and the rest from many other countries, some of which had devalued. "This was an unusual combination of circumstances," said Mr Patrick Sheehy, the chairman.

In addition, he said, "we are suffering from the effects in the U.S. of sector trends and from the disappointing results which have affected all general insurers in this country."

However, he had "no regrets" of moving into financial services, and stressed that Allied Dunbar, acquired in February, was well up while Eagle Star was reckoned by BAT to be a long-term growth business.

Although BAT was suffering from policies written off before it acquired Eagle Star, "we were a little surprised by the extent of the downturn in the half-year. It is a setback but not a catastrophe," he said.

Eagle's taxable result fell from £80.3m to £49.1m with underwriting losses up 45 per cent at £79.7m and an investment return lower at £117.7m, against £124.9m.

A large part of the underwriting losses—£65.8m in all—stemmed from the UK; the property account was hit by bad weather in the early part of 1985 while the motor account has suffered from rising numbers of claims.

DIVISIONAL PROFIT ANALYSIS

	Turnover First half 1985 (£m)	Turnover First half 1984 (£m)	Operating profit First half 1985 (£m)	Operating profit First half 1984 (£m)	% change
Tobacco	2,752	3,183	305	355	−14.1
Retailing	1,620	1,741	6	30	−80.0
Paper	737	680	81	81	—
Financial Services	880	525	41	70	−41.4
Other trading	656	746	21	32	−34.4
Associates share	954	930	77	76	+1.3
Total	7,589	7,805	531	644	−17.5

Grovewood Securities, a legacy from the £970m takeover of Eagle and which BAT plans to sell, improved profits from £10.5m to £12.2m.

BAT, said Mr Sheehy, was still looking for more expansion in financial services. "We are still determined to move into financial services on a wider geographical basis.

"Eagle Star has not lessened our appetite to move forward. If gearing continues to come down we will be in a better position to move."

Retained profits for the period amounted to £288m, against £305m, including an extraordinary credit of £49m.

However, he said BAT was not looking for any significant acquisition in the UK as the group's traditional strength was in being in many countries. "We want to be on a more international scale," and in financial services the group was not particularly interested in a bank but wanted to be in "consumer related financial services rather than the wholesale market."

Expanding further on the results attained on total turnover down from £7.81bn to £7.59bn, he said they also reflected further changes in the group's composition; cosmetics and food retailing were out, while Allied Dunbar had joined and Horten was consolidated for the first time.

Interest charges, which rose from £50m to £82m, included the full six months of Eagle and the Allied Dunbar financing costs.

The chairman said an encouraging feature of the first half was a further 1.3 per cent rise in BAT's worldwide tobacco volume, which again matched "our confidence in the future of our major business activity and led to an increase in operating profit before currency fluctuations."

For the first time for some years, Brown and Williamson increased its market share, "with gains in economy-priced brands;" profits, however, were affected by higher advertising costs.

Overall, tobacco operations suffered a 14 per cent fall in profits to £305m. Turnover was down from £3.18bn to £2.75bn, reflecting currency devaluations.

Paper had an "excellent half year," with Wiggins Teape showing a 35 per cent profits improvement in sterling terms. Markets were buoyant both in Britain and the Continent and rationalisation and improved efficiency brought rewards.

In retailing, Argos in the UK and Marshall Field in the U.S. achieved increases in both sales and profits. Other U.S. retail companies, however, suffered a significant profits fall due to "the expense of trading in a highly competitive and promotional market place."

See Lex

Johnson Matthey co-operating in legal action with JMB

BY MARTIN DICKSON

Johnson Matthey, the metal refining and chemicals group, is to co-operate with Johnson Matthey Bankers, its former subsidiary, in prosecuting claims against accountants Arthur Young over the near collapse of JMB last year.

This was confirmed by Mr Neil Clarke, Johnson Matthey's chairman, at the company's annual meeting yesterday. The AGM coincided with publication of Johnson Matthey's first-quarter results, showing pre-tax profits down 25 per cent from £6m to £4.5m. Last year's figures have been restated to reflect the subsequent sale of JMB to the Bank of England for £1 in a major rescue operation.

JMB is already claiming damages and interest for alleged breach of contract and/or negligence against Arthur Young in the firm's former capacity as auditor and accountant of the Johnson Matthey group.

Mr Clarke told the AGM that Johnson Matthey itself expected to issue proceedings against Arthur Young in the near future. He said both Johnson Matthey and JMB felt there were substantial advantages to be derived by co-operating in the prosecution of the two claims and the conduct of the litigation.

The AGM turned out to be a relatively low-key affair, though several people expressed views similar to Mr Ian Jessiman, a private shareholder, who said the action against Arthur Young "should not just throw a smokescreen over the affair and not find out what went wrong in the first place."

Mr Neil Clarke, chairman

The first quarter figures showed an operating profit from continuing operations of £9.3m (£9.8m), with profits of associated companies down by £0.6m to £1m due to the sale of the group's 50 per cent interest in Universal-Matthey Products.

There was a net interest charge of £3.8m (£0.5m higher than last year), and a tax charge of £1.3m (£4m), leaving net profits of £3.2m (£2m). There was a net extraordinary gain of £1.8m (nil), with benefits from the sale of UMP partly offset by rationalisation and refinancing costs. Basic earnings per share were 2.4p (1.5p).

The company said demand for platinum, from almost every sector of industry served remained strong in the quarter but lower metal prices reduced commissions. Sales of car catalysts in the U.S. had increased. Precious metal refining in the UK showed increased activity, although weak metal prices reduced margins.

As for the outlook, the company said the major new financing agreement Johnson Matthey reached last month would enable it to pursue improvements from a secure base.

"Some problem areas remain, which continue to receive close attention, in particular certain aspects of precious metals refining," it added. "There is considerable scope for additional improvements in efficiency, profitability and the level of borrowings, although further reorganisation will be necessary."

Mr Eugene Anderson, the new chief executive, told the AGM that the company had "turned the corner" but still had a way to travel to restore full profitability.

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Girobank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee
* 7-day deposits 8.00%. 1 month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

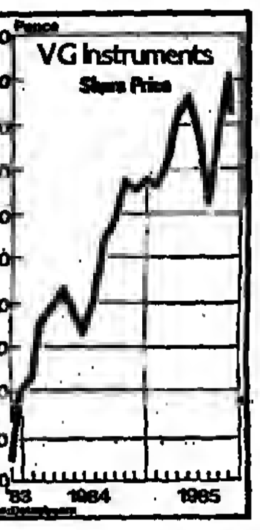
VG Instruments soars to £4.4m

VG Instruments attained a 28 per cent increase in first half pre-tax profits and all indications point to the group being on course to achieve the internal forecast on both sales and profits for 1985.

For the first six months, turnover rose from a restated £21.27m to £28.83m and at the pre-tax level profits surged by £948,000 to £4.37m. Earnings came through 1.5p ahead at 5.27p per share and the interim dividend is being raised from 0.6p to 0.7p.

VG, a manufacturer of scientific instruments, is 69 per cent owned by Grovewood Securities, itself a subsidiary of BAT Industries. Grovewood was acquired by BAT in 1983 as part of its takeover of Eagle Star. Earlier this month, BAT said it was planning to dispose of Grovewood but it apparently was excluding VG from the sale. VG, with a market capitalisation of some £145m, was floated on the stock market two years ago.

Last year VG announced plans to expand production both for increased volume and to sustain the policy of separating small businesses to indentify with a market and to encourgae highly motivated teams.



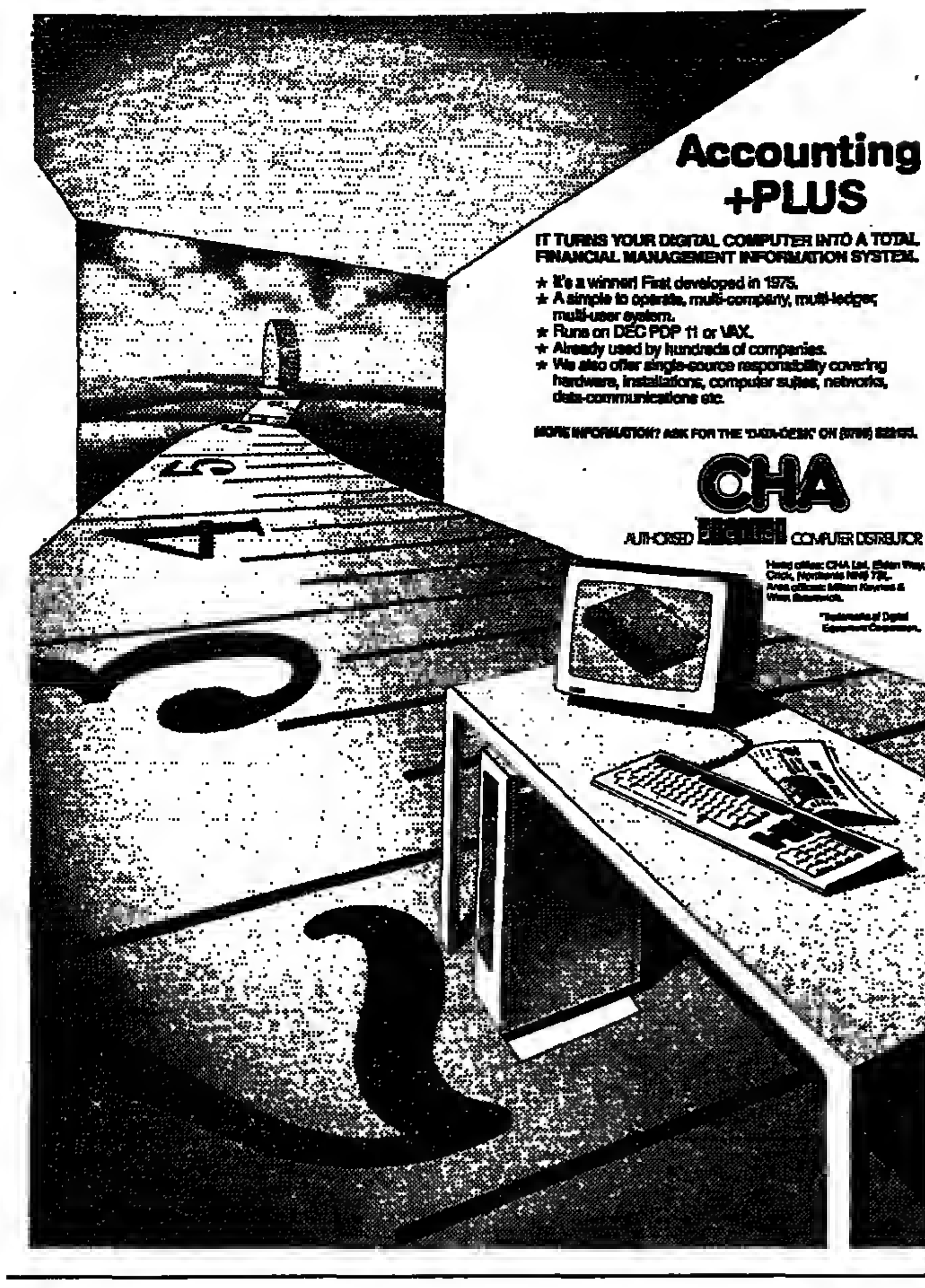
● **comment**

In spite of the probleme of the electronics sector, VG has turned in another very good result and all looks set for the total at the year end to reach £13.5m. The market seems to have been a little churlish in response with the share falling 8p to 284p. It may be, however, that this reflects uncertainty over BAT's intentions as far as its almost 70 per cent stake in VG is concerned. The very special structure of VG in which staff have meaningful stakes in the many subsidiaries would be placed at risk if a sale was to take place to an unsympathetic vendor or even to one just intent on linking — or breaking — VG up to fit in with an existing corporate structure. VG will not be included in the sale of Grovewood Securities but recent moves by BAT do not reassure on its future.

Grand Met

Grand Metropolitan, which last month launched a $386m (£294m) agreed bid for Pearle Health Services, the U.S. eye-care products retailer, has now acquired 99 per cent of the company's share capital. Pearle is expected to become a wholly-owned subsidiary by the end of October.

YEARLING BONDS totalling £10.5m at 11⅛ per cent redeemable on September 17, 1986, have been issued this week by the following authorities. Braintree District Council £0.25m; East Lindsey DC £0.5m; Swansea (City of) £1m; West Glamorgan County Council £0.75m; Edinburgh (City of) DC £2m; Hillingdon (London Borough of) £1m; South Northamptonshire DC £0.25m; Tunbridge Wells Borough Council £0.5m; Cunninghame DC £1m; Newport BC £0.5m; Portsmouth (City of) £1m; Sheffield (City of) £1.75m.



UK COMPANY NEWS

Reckitt advances 16% to £58m

FIRST-HALF 1985 results of Reckitt & Colman have supported the optimism expressed by the chairman at the annual meeting in May. Pre-tax prots climbed by 16 per cent from £49.73m to £57.73m, while sales increased by 21.7 per cent to £663.45m, against £545.3m.

Airwick, which was consolidated from March 1, contributed £70.4m of sales and a benefit to pre-tax profits of £1.5m. Group results were affected by exchange rate changes which benefited sales by £11.2m, but reduced profits by £1.3m.

Sir James Cleminson, the chairman, says that with current volatile exchange rates, it is more dicult than usual to predict the outcome for the year. However, given the strength of group brands and the worldwide spread of its operations, he remains confident.

Substantial progress has been made in the integration of Airwick, while continued advances have been made in the rest of Reckitt &Colman's business.

All regions, with the exception of Africa and Latin America, showed increased profits. The U.S. food business improved profitability and this was accompained by smaller development costs in the household product business.

Tax charge was lower at £22.22m (£22.51m) mainly due to higher U.S. profits, where loss reliefs were available, and investment reliefs an adjusted 19.58p to 21.99p and the net interim dividend is higher at 6p (5.6p). Last year's total was 14.3p on £106.4m pre-tax profits.


Sir James Cleminson, chairman of Reckitt

The chairman points out that as already reported, Reckitt and Colman Australia showed an interim sales growth of only 6.9 per cent. The disposal of the cleaning business was a contributory factor and, taking this into account, profit growth of 13.9 per cent was satisfactory.

PRE-TAX PROFITS BY PRODUCT	First half	
	1985 (£m)	1984 (£m)
Household & toiletry	24.49	22.61
Food & wine	17.25	12.43
Pharmaceutical	11.51	11.31
Colours	3.39	2.82
Industrial cleaning	0.92	1.55
Leisure	0.79	0.79
Total†	58.55	52.71

BY GEOGRAPHICAL AREA	1985 (£m)	1984 (£m)
UK domestic	12.87	10.28
UK export	5.41	6.06
Europe (non-UK)	6.02	4.33
North America	5.62	8.37
Australasia & Asia	16.10	14.06
Africa	7.14	10.56
Latin America	5.39	6.05

† Deduct corporate interest and expenses £0.82m (£1.98m).

In South Africa trading was difficult due to economic conditions and the weakening of the rand had an adverse effect.

As intended, following the Airwick acquisition, the household and toiletry division showed marked growth. Geographical areas with the greatest sales gains were those in which Airwick had the *most* impact, namely the U.S., Europe and also Latin America, where the Temana business which was acquired in 1984, made a good contribution.

Food and wine results showed growth in local currency, particularly in the U.S. and Australia. Despite disappointing summer weather, which was not good for the soft drinks industry, the relaunch of Colman's sauces and casseroles range had an excellent response.

The benefits of productivity investments in recent years are now gaining momentum and profit was substantially better.

The introduction of the limited list legislation with enforced price decreases in the UK had an inevitable effect on pharmaceutical sales and profits, offset to some extent by good growth in *home medicines*.

Trade Indemnity claims reach £14.1m

MR PETER DUGDALE, chairman of Trade Indemnity, states that claims made in the first half of 1985 on all three underwriting accounts, at just under £14.1m, were in excess of the £13m paid in the same period of 1984, and remained well above the comparable figures for earlier years.

In the same way, the number of business failures notified to the company so far in 1985 has remained very much at the level of 1984, although the figures for July show a sharp reduction.

He says that aided by the uncertain economic climate and by some well-publicised failures, the group's marketing efforts have resulted in record new business figures so far in 1985. Projected annual premium income on new policies issued in the first three months of the current year was nearly 21 per cent up on the total for the comparable period.

Premiums written on the three open underwriting accounts in the first half of 1985 totalled £31.51m, a 17.5 per cent increase.

The 1983 underwriting account at June 30 1985, after making provision for all known claims, showed a credit balance of £4.96m. This compares with a credit balance of £753,735 on the *1982 underwriting account* a year earlier.

The 1984 underwriting account showed, at June 30, 1985, a credit balance of £6.16m, after making provision for all known claims. The credit balance on the 1983 underwriting account at the same stage a year earlier was £5.35m.

Mr Dugdale says that Trade Indemnity Australia continues its steady overall growth, although the relative strength of the pound in recent months had led to the contribution of the Australian performance being diluted in sterling terms. In general, he adds, the prospects for 1985 remain as favourable as expressed in his March statement.

The directors are lifting the interim dividend from 3.75p to 4.25p. A total of 8.438p was paid in 1984.

Dubilier disposal will cut loans

Dubilier, the electrical components manufacturer, has sold its wholly-owned U.S. subsidiary, Flight Connector Corp, to Transtechnology Corporation based in California.

The sale, satisfied by $5.23m cash (£4m), will help reduce Dubilier's eurodollar loans. Flight's pre-tax profit for the year to end-September was $200,000 but it has been operating at a loss in the current year.

MK Electric

MK Electric, the electrical wiring accessories and fire alarm manufacturer, owns or has acceptances from holders of 50.37 per cent of Friedland Doggart, Britain's leading door chime maker.

Automated Security

Automated Security Holdings received acceptances from holders of 31.53 per cent of Security Centres (Holdings) by Tuesday's second closing date on its agreed £24m takeover bid.

This took its total holding to 36.31 per cent, including the 4.78 per cent it previously owned. The bid has been extended to September 27.

Watson & Philip

Watson & Philip has conditionally agreed with Lonsdale and Thompson, a subsidiary of Union International, to acquire the businesses, goodwill and certain trading assets of two cash and carry outlets in Edinburgh and Morpeth.

Pentland

Pentland Industries, which has seen profits soar from American sales of sporting footwear, has agreed in principle to buy the Bernardo branded ladies fashion shoe sandal importing business of R. G. Barry, operating out of the U.S. state of Ohio.

Pifco purchase

Pifco has paid £1.48m cash for International Salton Holdings N.V., manufacturers of electrical products and a market leader in filter coffee makers and hot trays.

Sirdar increases profits by 6% for the year

Sirdar, manufacturer of hand-knitting yarns, based in Wakefield, West Yorkshire, increased pre-tax profits by 5.8 per cent to £9.53m in the year to June 30 1985 compared with £9m a year earlier.

Mrs Jean Tyrrell, chairman, says sales of the Sirdar brand increased, especially in the second-half, when the spring promotion was well received, producing profits in line with expectations.

However, sales of the Hayfield brand were disappointing in the last few weeks of the year. This and some write-down of the stock produced a result that was worse than expected.

The final dividend is being raised 0.8p to 2.8p, making a total of 4.12p (3.25p).

Turnover was up to £36.5m (£35.12m). Operating profits were £9.06m (£8.36m); interest received and other income added £475,000 (£848,000). Tax deductions were £3.5m (£3m), leaving profits of £6.03m (£6m). Earnings a share were 12.57p against 12.52p.

● comment

Sirdar shareholders will be less disappointed than the City with yesterday's figures. The company has been criticised for a number of years for its parsimonious dividend policy, and the 40 per cent increase will be welcomed. It will not have escaped critics' attention that the 4.12p payment is still covered more than three times by earnings, and that the group was still able to bank more than £4m. Suggestions of a further 10 per cent rise this year may calm them. The trading results were not as good as expected from a company with a consistent record of profit growth, and even allowing for the estimated £0.2m write-down on *old stock and* a similar profit shortfall from Hayfield, the company would not have met the forecast consensus. In the Hayfield case, where the wholly owned subsidiary is in direct competition with its parent, one wonders about the benefit of continuing with the separate operation at all. The good news comes from current trading, where, because of the poor summer, people are getting the knitting needles out earlier than usual. The shares, down 13p to 119p yesterday, trade on a multiple of 9.5p.

Allied Bakeries sells 26 shops

By Christopher Parkes

Allied Bakeries has sold 28 bakery shops in Cardiff, Newport, Gwent, and South-west England to Greggs, based in Newcastle upon Tyne, for £771,000 cash.

It is Gregg's first venture outside the North and Midlands.

It plans to follow its usual policy of building a factory to serve the shops.

Mr Geoffrey John, chairman of Allied, a subsidiary of Associated British Foods, said the disposal was a one-off sale of a minority business.

BOARD MEETINGS

TODAY

Interims: Appleyard, Biddle, Bridon, Burmah Oil, Connells Estate Agents, Desoutter Brothers, James Fisher, Fitch and Co., Oamar Booth, General Mining Union Corporation, Grovebell, Harmony Gold Mining, Hepworth Ceramic, Huntleigh Technology, Jaguar, John Laing, London United Investments, MCD, Morgan Crucible, New London Properties, Oilfield Inspection Services, Powerline International, Prudential, Royal Dutch Petroleum, H. Samuel, Sedgwick, Shell Transport and Trading, J. W. Spear, Turner and Newall, United Biscuits.

Finals: Arbuthnot Dollar Income Trust, Coronation Syndicate, OPCE, Robert M. Douglas, Oon Brothers Bulst, Entertainment Production Services, Estates Property Investment, John Finlan, London Shop Property Trust, Stewart and Wight, Telefusion, Twesfontain United Collieries.

FUTURE DATES

Interims—	
Brown and Jackson	Sept 26
Cooper Industries	Sept 10
Crowther (John)	Sept 13
Oliver (George) (Footwear)	Sept 13
Paul Michael Leisurewear	Sept 18
Scottish Heritable Trust	Sept 16
Smith St. Aubyn	Oct 16
Finals—	
Arcolectric	Oct 10
Parker Knoll	Sept 23
Peters (Michael)	Sept 20
Zetters	Sept 17

Public Works Loan Board rates

Effective September 11

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	11	—	—	11⅛
Over 1, up to 2	10⅞	10⅞	10⅞	11⅜	11⅜	11⅜
Over 2, up to 3	10⅞	10⅞	10⅞	11⅜	11⅜	11⅜
Over 3, up to 4	10⅞	10⅞	11	11⅜	11⅜	11½
Over 4, up to 5	10⅞	10⅞	11	11⅜	11⅜	11½
Over 5, up to 6	10⅞	10⅞	11	11⅜	11⅜	11½
Over 6, up to 7	11	11	11⅛	11⅜	11⅜	11½
Over 7, up to 8	11	11	11⅛	11⅜	11⅜	11½
Over 8, up to 9	11	11	11	11⅜	11⅜	11⅜
Over 9, up to 10	11	11	11	11⅜	11⅜	11⅜
Over 10, up to 15	11⅛	11	10⅞	11⅜	11⅜	11¼
Over 15, up to 25	10⅞	10⅞	10⅞	11⅜	11¼	11¼
Over 25	10⅞	10⅞	10⅞	11¼	11¼	11¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Property sales help push Costain profit up 44%

A £7.7m jump in property sales helped to boost the pre-tax profits of Costain Group by 43.8 per cent to £24.8m in the six months to June 30 1985 compared with £17.25m last time. Turnover was up 14.5 per cent to £419m (£366m).

Mr Terrel Wyatt, chairman, says exchange rate fluctuations cut turnover by £40m and profits by £2.5m when translating the results of its overseas companies into sterling.

This compares, he says with increases of £68m in turnover and £4m in profits for the whole of 1984. In view of the fluctuations "consideration will be given to calculating full-year results on the basis of average, instead of end-of-year, exchange rates."

Costain, which is involved in contracting, mining, housing and property, is lifting its interim dividend to 6.5p (6p).

Profits on general trading were up to £21.15m (£18.5m). Net income from rents of land and buildings was lower at £2.88m (£2.99m) but profits on property sales rose sharply to £7.83m from £126,000.

Mr Wyatt says, however, that property sales are uneven in their timing and second-half results are not expected to match these.

Interest payments rose to £6.7m (£4.31m), leaving profits of £18.1m (£12.94m). Minority interests took £3.44m (£2.52m) and there were extraordinary credits of £112,000 (£232,000). Earnings a share were 21.1p against 15p.

Profits from mining increased, says Mr Wyatt, with particularly satifactory results from Industrial Fuels Corporation of Detroit, purchased earlier this year.

But there was less profit from contracting, reflecting competition worldwide. UK housing sales increased.

● comment

Costain's interims confirm the group's development as a three-legged creature with coal mining and housing/property sharing the limelight with the once dominant contracting. By the end of 1986 this trend should be firmly established even in terms of turnover following the purchase of IFC, which in a full year should produce £15½m in sales. While the position of Australian coal depends partly on the weakness of the local dollar the U.S. coal market seems stronger and less cyclical. The change over to average exchange rates at the year end will also help reduce the impact of currency volatility and has persuaded analysts that £65m pre-tax should be possible. Costain is going to have to live with a bit of debt as it moves away from the emphasis on contracting but £15m in interest payments, or a 20 per cent gearing, will not frighten the market once it takes the shift on board The shares, up 2p at 438p, look underrated on a prospecdve multiple of 7½ given a 27 per cent tax charge.

AB Ports in profit at £4m and recovery continues

FOLLOWING LOSSES of £10.2m incurred in the second half of 1984 Associated British Ports Holdings has made a turnround in the first half of 1985, and lifted pre-tax profits by 5.3 per cent over the comparable period.

As Mr Keith Stuart, the chairman, indicated to shareholders in May, the first two months of the year were affected by the coal strike. This, together with labour problems at Southampton, has resulted in a lower turnover of £66.5m for the six months to end-June, compared with £76.2m.

Despite this, profits at the operating level rose from £3.9m to £4.7m after voluntary severance and other exceptional items. With investment income lower at £0.3m (£0.6m) and interest charges higher at £1m (£0.7m) pre-tax profits emerged £0.2m ahead at £4m.

The group, formerly British Transport Docks Board, has achieved a strong and widely-based recovery in trading performance since early March, the chairman says, and based on this prospects for the second half are encouraging.

The directors are lifting the interim dividend from 3p to 3.25p. In 1984, with losses of £6.4m, dividends totalled 8.5p. Net earnings for this half are shown 0.3p higher at 7p per share.

On developments at the ABP group of ports, Mr Stuart states that coal traffic has recovered well since the end of the strike, and this has particularly benefited the west coast ports of Ayr and Garston.

Trading at a number of oth other ports, including Immingham, has been at a high level, and at Southampton lower costs and improved productivity have led major customers to return to the Prince Charles Container Port.

At Hull an agreement has been reached on the provision of a new terminal to meet the expanding needs of the passenger and freight services to Rotterdam and Zeebrugge operated by North Sea Ferries.

The chairman says that further progress is being made in reducing costs. Voluntary severance costs in the first half cover manpower reductions in South Wales, which will lead to lower operating costs in the second half.

Although severance costs in the first half accounted for most of the rise in exceptional items to £2.7m (£1.3m), for the full year the figure will be much lower than the £8.6m paid in 1984, he says. That figure included heavy severance costs at

For the half year tax took £1.2m (£1.1m), to leave attributable profits of £2.8m (£2.7m).

● comment

Now that the bump of severance payments has finally been passed, Associated British Ports is looking forward to a future less dominated by cutbacks and industrial strife and more on expansion. The workforce has been cut from 9,250 at privatisation in 1983 to 6,800. Almost as important, the gloomy forecasts made during the miners' strike of a permanent loss of overseas sales have not been fulfilled and coal exports are back up to pre-strike levels. At Southampton container handling costs are now comparable with Rotterdam and business that was diverted during the strike in th port has returned. The propierties freed by the two year rationalisation programme look set to become part of a new above the line accounting item for the group. An 8 to 10 year property disposal programme involving joint ventures for development should see rental incomes rising in time. For the full year £17m pre-tax seems likely (provided severance stays below £3m) which, on a 30 per cent tax charge, leaves the shares at 308p a little underated on a prospective p/e of 10½.

New titles push up profits at Haynes Publishing

ANOTHER RECORD year in terms of financial performance and publishing activity is reported by Haynes Publishing Group for the 12 months to May 31 1985. Pre-tax profits climbed by 24 per cent from £1.37m to £1.7m, and turnover was up from £7.97m to £9.43m, an increase of 18 per cent.

Mr John Haynes, the chairman, commenting on the results, says a total of 228 new titles, including 58 second editions, were added to the group's backlist during the year, including 82 bought-in titles.

Sales and profits from all the publishing imprints improved with the exception of the Oxford Illustrated Press, which suffered from a range of problems. These have now been resolved.

Successful negotiations led to the purchase of 64 titles on the Frederick Warne transport list from Penguin Books, and those will now be marketed and re-published under the G. T. Foulis imprint, Penguin retaining the Warne name for all other titles on the latter's backlist.

Increasing sales have resulted in the decision to increase the production and printing area at the main Sparkford site in Somerset. This should provide sufficient capacity to cope with the planned increase in demand, both at home and abroad, for the next three years.

Mr Haynes says the group is currently ahead of budget

The final dividend is raised from 8.5p to 9p for an increased total of 13p (12.5p). Stated earnings per 20p share rose from 16.36p to 19.42p.

● comment

Haynes' shares fell 40p to 335p yesterday in response to a 24 per cent profits jump. There hed been some overheated forecasts around but the reaction had more to do with the disappointing profits from the U.S. But a new executive has gone in and that performance should change. The number of cars on the road in the U.S. obviously outnumbers the UK and, to Haynes' advantage, the cars are older on average. Yet to date Haynes Inc has been hampered by a lack of domestic manuals. Its presence has been built by calling on UK written manuals to cover imports of European and Japanese models. Now, however, it has put together a good range of books on U.S. cars and is in a position to break into the big retail chains. It may be already number two in the market but with a 15 per cent share (against its dominant 85 per cent in the UK) there is plenty to go for, especially if the competition's manuals are as inferior as Haynes claims. Within three years U.S. sales should double—if the profits do not do better the new executive will have failed.

Blockleys over £1m with better margins

Blockleys, the Telford-based brick manufacturer, earned over £1m in the first six months of 1985 and has lifted the interim dividend by 25 per sent to 10p.

With the taxable result up from £760,000 to £1.02m, Mr T. J. Wright, the chairman says, the result reflects increases in the sales of higher margin products.

Turnover rose by just over 14 per cent to £3.9m while trading profits registered a near 30 per cent improvement from £788,000 to £1.02m—there were interest charges last time of £28,000.

Earnings per share were up from 28.21p to 37.05p after tax of £385,500 (£330,000).

Regarding prospects, the chairman says second half profits are expected to be similar to last year's £806,000 after taking account of commissioning costs, including interest, of the new No. 6 factory, which has nok been constructed.

London Park at £0.58m

Better trading levels than had been anticipated enabled London Park Hotels to more-than-double its first half pre-continuing, the second half should also show an improve-

The profits, up from £238,000 to £582,000, were attained from a turnover £915,000 ahead at £3.26m—the group's hotels take in the Grand, the London Park, the Plaza, the Royal Angus and the Mill.

The results reflect only five months' contributions from the Royal Angus and the Plaza—both were acquired early this year. In addition, the Grand was closed for most of the first six months, although the first phase of the modernisation programmes both here and at the London Park completed in time for the summer season.

In the latter part of 1984 Rushlake Hotels raised its stake in London Park Hotels (formerly Rowton Hotels) to 75 per cent.

UK COMPANY NEWS

Atlantic Computers surges to £7m

WITH ALL group companies performing well, and with demand for its products and services remaining strong in all markets, Atlantic Computers reports a significant advance in both turnover and pre-tax profits.

The directors feel that the continuing success of the group and its strengthening cash balances form a sound basis for a further capitalisation issue of one new ordinary for every three existing ordinary shares.

Mr John Foulston, the chairman, says the first half to June 30, 1985 has been an exceptionally busy period, and he reports pre-tax profits up by 84 per cent from £3.83m to £7.04m. Turnover climbed from £32.45m to £55.61m, a rise of 71 per cent. The interim dividend is unchanged at 0.75p net—last year a total of 2.25p was paid from pre-tax profits of £10.52m.

Stated earnings per 10p share rose from 9.15p to 17.12p, and net asset value per share at *June 30 was 70.64p,* against 43.31p a year earlier, and 55.7p at the end of 1984.

Mr Foulston believes it is only right, in view of the well-publicised difficulties currently being experienced by a few of the electronics and computer companies in the UK, to comment not only on his group's prospects for the second half of the current year, but also on its prospects for the following year.

He says the group is moving into the second half with order backlogs at both its data communication manufacturing subsidiary and IBM computer systems leasing subsidiaries running at unprecedented levels.

The European IBM computer market place is growing rapidly, particularly for the large systems and the recent privatisation of British Telecom is fuelling technological change and advancement which can only benefit data communications manufacturers.

He is confident that the group's results for the second half will continue to show excellent growth, and he firmly believes that demand for the unique blend of products and services offered by the group will continue to grow strongly throughout 1986.

The group's IBM computer system leasing divisions have, to date, secured eight important orders for IBM's new Sierra range of computers, several of which will be delivered during the second half. Its established European computer systems in West Germany, the Netherlands and Scandinavia made valuable contributions, and the new *subsidiary in France* performed exceptionally well during its first year of operations.

Group tax for the opening half was up from *£127,000* to *£138,000.* After minorities of £118,000 (£74,000), attributable profits to members of the holding company came out at £6.78m compared with £3.63m. Dividends again absorb £297,000, leaving retained profits carried forward of £6.48m (£3.33m). Group consolidated net assets stood at £27.97m (£17.15m) at the end of the first half.

● **comment**

The underlying market for computer leasing remains exceedingly strong, partly driven by tax changes, as the City's analysts well appreciate. Nevertheless, Atlantic's 84 per cent leap pre-tax has to be judged as an exceptional performance for the sector. The UK market in selling and leasing computers, which still accounts for a large chunk of Atlantic's profits, probably saw an underlying growth rate of somewhere over 40 per cent. Atlantic's experience may have been better than that though it was also helped by a good increase from overseas, especially in France, and from Lion, which has won a £3m Prestel contract for modems. The *newly-acquired SCD chipped* in £350,000, while high interest rates also helped, bumping up investment income to £½m. It now looks as if Atlantic could make £16m to £17m dropping the prospective p/e, after yesterday's rise to 360p into single figures. The price is backed by expectations of a good rise in 1986, though before Atlantic *starts on* next year an acquisition will probably be announced for cash and shares. So, not surprisingly, it is keen to see a good rating on its equity. Some of the analysts, however, remain cool, preferring others in the sector, so the p/e is unlikely to climb much further.

Nurdin & Peacock lifts profits by 14% midway

Nurdin & Peacock, cash and carry wholesaler, increased pre-tax profits to £4m for the six months to June 29—up 14.6 per cent on the £3.5m for the first half of last year.

It attributes the rise to the further success of its Red Band cigarettes, and to the promotion of its double jubilee. This year marks its 175th anniversary and 25 years in the cash and carry *business.*

Turnover grew 25.6 per cent to £332.4m compared with £264.7m.

Since June, sales have increased by an average 19 per cent, says Mr W. M. Peacock, chairman. However, he says, comparisons now will be with the very successful sales following the launch in July 1984 of Red Band. "*There is no let up* in competition," he warns.

The interim dividend is *increased to 1.65p against* 1.36p, adjusted for a one-for-four scrip issue in May this year.

Tax amounted to £1.66m against £767,000, leaving profits lower at £2.34m (£2.72m). Last year there was tax relief on stock and on a building in an enterprise zone.

Mr Peacock says the new *branch* at Gloucester and a *replacement* at Colchester have both started well and an extension at Watford should be making a contribution to sales shortly.

A branch at Wolverhampton is *on target for opening early next* year, he says, and negotiations over other sites are advanced.

He says there was an excellent response from retailer customers to a series of business development films released during the *first half.* Seminars using the films are almost fully booked for the rest of the year. Customers who have taken part are reporting increased sales as a result of the changes they have made.

Now, because of the group's growth, it is planning to streamline its corporate structure. Nurdin and Peacock plc will be the holding company with a subsidiary, Nurdin and Peacock Cash and Carry Ltd, covering the main trading. The change is intended to be introduced from January 6 1986, the beginning of the next financial year.

● **comment**

There is rarely much excitement to be found in Nurdin & Peacock's figures, progress tends to be at a steady pace, but yesterday's 8p fall to 152p seems a harsh reaction to the 14.6 per cent profits rise. Margins have been eroded, but that was only to be expected following the successful launch of its own brand cigarettes, Red Band, where profits on sales are wafer thin. However, the overall picture remains healthy with sound growth in all departments aided by a modest amount of physical expansion. A great deal of effort is being put into own-brand groceries and wines and spirits which guarantee good returns for its independent retail customers. Anything it can do to enhance their fortunes is obviously to its benefit. Bulk *shopping is still done at hyper*markets but the local convenience store, open at odd hours, is making a come-back. A p/e of 9 plays too hard on the unglamorous nature of a business which should make *£14¾m pre-tax this year.*

Aurora tops £4m midway with 43% improvement

Aurora, the engineering group, achieved further growth in sales and profits in the first half of 1985. With turnover 11 per cent higher at *£55.09m, pre-tax figures* climbed by 43 per cent from £2.83m to £4.05m.

The directors say the growth continues the encouraging trend achieved over the past two years. The order book has again increased and the board *expects* performance to be maintained.

Given the further improvement in performance, the directors believe it appropriate to recommend consolidation of the two classes of equity share capital by converting the 9 per cent convertible cumulative redeemable preferred ordinary *shares of 10p each into ordinary* 10p shares.

Subject to the proposal becoming effective, the board intends to pay an interim dividend of 0.3p net per ordinary share (including those arising from conversion). Payment would be made on October 10. No ordinary dividends have been paid since 1980.

Net margin of operating profit to sales was 7.8 per cent (6.6 per cent) *for the first half.* Operating surplus was £4.32m (£3.25m), before income of £42,000 (£97,000) from related company contributions and net interest payable lower at £315,000 (£521,000) because of further cash generation.

Tax was similar at £1.08m, leaving net profits up from £1.75m to £2.97m. Stated earnings per share were 2.92p (1.6p) on a net basis and 3.11p (1.78p) on a nil distribution basis.

● **comment**

Aurora seems to have put the *deficit days of the early '80s* well and truly behind it, and there is no reason why this year should not see record figures—estimates were marked up on the 43 per cent interim profit rise. The company's reluctance to share the general optimism yesterday suggests coyness rather than caution. The half-year was especially strong in metals and tools, where aerospace business is a growing force, but overseas subsidiaries, which provide around one-third of profits, will continue to be subject to the vagaries of the Australian dollar. Potentially more interesting *than the results is the proposed* consolidation of the preferred ordinary shares, which in the present anomolous situation form some 97 per cent of total equity. The directors have so far only promised a 0.3p net interim, *not enough* in itself to persuade shareholders to give up the 9 per cent yielding prefs. No doubt the detailed circular will give further hints on future dividend policy—it seems that pref holders will certainly not end up any worse off. *Full-year* profits of £9m would give earnings of around 6.6p, assuming full conversion, for a very attractive ratio of 5.5 on yesterday's closing price of 36p, up 3p.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
2nd qtr.	102.4	100.4	107	110.2	130.1	3,026	154.0
3rd qtr.	102.3	101.3	106	111.1	133.3	3,076	165.1
4th qtr.	103.4	101.2	104	113.6	164.0	3,103	166.5
1985							
1st qtr.	105.5	102.2	102	112.6	133.9	3,138	157.5
2nd qtr.	107.8	102.8	100	114.9	141.4	3,174	169.5
January	105.1	101.6	98	111.6	134.4	3,124	157.2
February	105.0	102.1	107	112.0	130.2	3,144	156.1
March	106.5	102.8	102	113.8	136.5	3,147	159.2
April	107.6	102.5	101	114.1	140.3	3,176	166.7
May	108.2	102.3	110	114.6	142.0	3,177	167.1
June	107.6	103.6		116.0	141.8	3,169	174.8
July				116.1	146.9	3,175	179.7
August				116.1		3,182	179.4

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); *housing starts (000s, monthly average).*

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
2nd qtr.	101.6	96.8	105.5	98.8	107.6	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
December	103.0	100.0	106.0	101.9	109.0	100.0	9.5
1985							
1st qtr.	102.2	101.3	108.9	102.7	112.1	98.9	13.8
2nd qtr.	101.8	102.6	113.2	103.4	119.9	99.1	18.3
January	102.0	100.0	109.0	102.0	108.0	98.0	11.7
February	102.0	101.0	108.0	103.0	112.0	99.0	13.2
March	102.0	102.0	110.0	103.0	117.0	100.0	16.6
April	102.0	102.0	113.0	103.0	119.0	98.0	17.9
May	102.0	102.0	114.0	103.0	120.0	99.0	19.9
June	103.9	104.6	112.0	104.0	121.0	100.0	18.8

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
2nd qtr.	109.1	119.7	−1,171	−109	+1,543	97.3	15.51
3rd qtr.	109.9	122.7	−1,615	−363	+1,804	97.2	15.26
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−535	+1,862	96.2	14.80
2nd qtr.	120.3	125.7	−222	+1,278	+2,361	97.9	14.11
February	123.6	127.5	−241	−12	+675	95.9	15.35
March	119.6	136.8	−977	−704	+260	96.3	13.53
April	121.5	129.7	−259	+242	+684	97.0	14.03
May	121.4	120.8	+252	+752	+835	98.6	13.98
June	118.4	126.9	−216	+284	+842	98.8	14.32
July	116.9	122.6	−56	+444	+693		14.26
August							14.26

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,876	8.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,813	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
December	12.2	27.2	12.1	22.4	1,004	972	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.05
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,082	12.50
January	5.0	9.0	13.6	16.3	823	1,168	14.00
February	3.1	− 5.0	4.6	13.3	474	1,013	14.00
March	− 1.3	− 1.2	8.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	979	12.50
July	4.4	19.1	8.3	16.8	650		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
December	165.2	143.4	134.9	358.5	327.6	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	296.22	72.0
2nd qtr.	170.3	138.6	139.4	375.3	339.4	278.13	78.9
January	163.4	145.3	135.9	359.8	330.6	296.98	71.5
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	296.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	172.0	136.7	139.6	376.4	340.1	278.13	79.9
July		134.0	140.0	375.7	335.3	250.51	83.6
August		132.9	140.2			254.34	81.6

* Not seasonally adjusted.

BUSINESS LAW

Why EEC fraud goes undetected

By A. H. HERMANN, Legal Correspondent

SUBSIDIES PAID to traders when they export agricultural produce outside the Community amounted last year to about £5.9bn, representing 34 per cent of the Agricultural Guarantee Fund or 25 per cent of the entire budget of the Community.

No one knows how much of this expenditure is due to fraud or abuse of the EEC regulations. If one could reduce the total by 10 per cent, by eliminating at least part of the fraud, a good deal of the community's budgetary problems would disappear.

The fraudulent inflation of EEC subsidies represents, therefore, e very big problem, and the Court of Auditors attempted to tackle it, albeit gently, in a special report* published on August 26.

No attempt was made to estimate the percentage of the expenditure due to fraud and abuse. Indeed, no such estimate is possible as the control of the expenditure is entirely in the hands of member states and, as vividly described in the report, their administrative arrangements for controlling this expenditure are so inadequate that they could not find out even if they wanted to.

The member states have no particular incentive to exercise strict control: it costs money, causes trouble with a valuable electorate, and whatever is spent on subsidies does not go out of their pockets but is charged to the Community. It is a curious division of labour. The Community pays but has no means of checking to whom and why. The member state should check but it costs them nothing if they do not.

The Court of Auditors does not deal with ths basic fault in the present report. It only analyses the inadequacies of the present system and recommends how it could be improved while retaining the absurd separation of financial interest and control.

The Community edopted no legislation which would ensure that exports for which subsidy has been paid had ectually taken place. By contrast, regulations for the calculation of the subsidies abound. These contain now some thousand sections and there is little hope that even a small part of such verbose and detailed legisletion could sink into the awareness of Customs Officers and of the clerical staff in the paying agencies. The more rules there are, the easier it is to avoid them. An unscrupulous trader can have a field day.

The methods used by such traders are now getting almost as numerous as the EEC regulations. Colating reports from member states, the Commission counted no less than 60 different types of fraud. One of them, the so-called "round about operation," is thought by the Board of Auditors typical enough to be described in an annex to their report.

A trader employing this method exports a cargo of goods qualifying for the subsidy and then smuggles it back, either using a road without a customs checkpoint, or concealing the goods, or importing them under a false declaration. He may then sell the goods on the domestic market, benefiting from the high community price in addition to the export subsidy, or repeat the "export" transaction, possibly several times.

A physical check on the frontier cannot detect this sort of fraud. It may be discovered by checking the traders' accounts unless, of course, he falsifies them which a prudent fraudster would do.

Such hard fraud is not to everybodys taste, but even when preserving appearances money can be made by means of false declarations of tariff headings, of quality and sometimes even of weight. This is easy when the differences between goods which qualify for subsidy and those which do not is so small that it cannot be detected by a chemical analysis. Such is the case when the qualifying difference in quality is smaller than the degree of error to which analysis is subject.

Moreover, less and less use is made of physical checks—now carried out only in 0.82 per cent of cases—about one fifth of the checking rates, prescribed by EEC standards. Only one to three out of each 1,000 cargoes are subjected to chemical analysis, sometimes quite worthless because it is carried out during the production, possibly on a different batch of goods than those actually exported.

The "innocent error" method of getting an extra income out of Community coffers is made possible, even encouraged, by the absence of any deterents. The netional agencies eppear to prosecute and to impose severe penalties in the rare instances when they detect hard fraud involving large sums of money. They let off with e mere warning traders who made a habit of making erroneous but profitable declarations.

The Board of Auditors complains that no steps are taken in such cases to investigate or rectify previous false declarations and that this approach of national agencies constitutes an encouragement to commit fraud. The court believes that it would help if traders were to give a word of bonour that their declarations are correct and risk heavy penalties if this was found not to be so.

Neither hard fraud nor "habitual" false declarations of the Customs tariff position are necessary for milking the community This can be also achieved by sticking to the letter of the law.

The Court of Auditors gives the following example of a typical abuse of this sort. "*A trader imports a product which contains n-1 per cent of oils and fats and for which the rate of levy is low, as the product contains less than n per cent of oils and fats. He pays the levy at the low rate. Once the product has been imported, he adds 1 per cent of oils and fats to it. He then re-exports the product and claims the refund, which is more or less equivalent to the levy rate for products containing more than n per cent of oils and fats. The trader has not committed any fraud, but, by adding o very small quantity of oils ond fats, has caused the subsidised product to move into o higher refund bracket and has profited from the considerable difference between the low levy rate ond the high refund rate.*

"*The transaction may be repeated with the same goods by adding a small percentage of dry ingredients prior to reimportation, thus reducing the proportion of oils and fats once again.*"

While this sort of abuse is due entirely to the inadequacy of EEC regulations, the failure to detect fraud, whether hard or soft, is seen by the Court of Auditors as a consequence of the absence of EEC legislation which left the methods of surveillance entirely to the member states. Though these methods differ from one country to another, they all seem to have been developed primarily for customs checks on imports and are, therefore, inadequate for controlling exports.

The national systems are based on traditions which give priority either to physical and administrative inspections or to e scrutiny of the exporting firms accounts. The first method will not detect frauds of the roundabout type when a product on which a subsidy has been paid is followed by reimportation and possibly further export of the same product. The second method, by scrutiny of the exporter's eccounts, risks that fictitious transactions, when no actual movements of goods takes place, remain undiscovered. The court considers that best results could be achieved by combining the two methods of inspection.

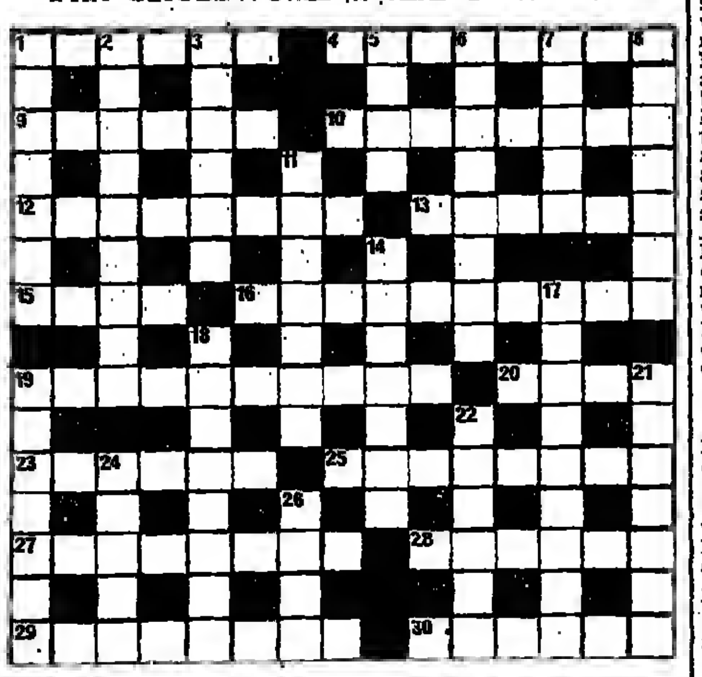
In addition to the frauds and abuse made possible by inadequate inspection of either type, the Community runs also the risk that one and the same product will benefit from both a price support designed for the domestic market and an export subsidy. This has been the case, for example, for butter which benefits from a permanent subsidy if destined for consumption within the Common market. In theory it should not receive an additional export subsidy unless the domestic aid has been renaid, but as in some member states the two subsidies are handled by different egencies, paid at different stages and no check is made at the time of exportation.

Inspection of accounts do not seem to pay attention to the possibility of double subsidy and though some cases were discovered, no prosecution was ever instituted. It seems thet the euthorities keep their eyes firmly closed.

Reacting to the Courts' criticism, the Commission established an inter-departmental committee to explore the possibility of legislation which would ensure that the work of the various national departments monitoring export subsidies becomes complementary and more effective. Neither this nor the word of honour which the Court of Auditors would require from the exporters is likely to help much as long as member states will not feel the financial consequences of their indifference.

** Special report of the Court of Auditors on the system for the payment of refunds on agricultural exports (Official Journal C 215 of 26 August 1985).*

F.T. CROSSWORD PUZZLE No. 5,819



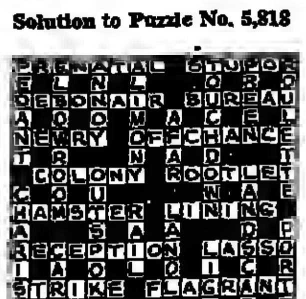
ACROSS

1 Salad-stuff is hard to deal with (6)
4 Cracks points on the railway — every one (8)
9 "He had forty-two boxes, all carefully . . ." Lewis Carroll (Hunting of the Snark) (6)
10 Seamen in the union drink (8)
12 A stretch of water that's unrivalled (8)
13 The young dog needs help in getting settled (4, 2)
15 Issue period returns (4)
16 Move all ten maybe, being vindictive (10)
19 Separate country and town (10)
20 A piece of Hungarian music (4)
23 Promise to take the dope by river (6)
25 Natural but trendy male — broke (8)
27 Object about writer's meterial as just speculation (8)
28 Beasts not keen to get on board (6)
29 Let off school in time (8)
30 Draw and learn about certain fish (6)

DOWN

1 Answer — right after entering that is (7)
2 Inept code-breaker's bluff (9)
3 Writing up listeners' aspersions (8)
5 Fleece on Eastern formal wear (4)
6 The cartoonist may have to ram in e variety (8)
7 Cover a leading journalist didn't in the least like (5)
8 Kitchen equipment with wet hack set in place (4-3)
11 The VIP requires no catalogue (7)
14 Making complaint, even with a top man around (7)
17 Playing about, yet learns in all seriousness (9)
18 Supports relations — is on guard (8)
19 Listed transport absorbing a worker (7)
21 This could well be a strain for the craftsman (7)
22 Merchant putting his cards on the table? (6)
24 Go short of money in a way (5)
26 Lying in the sun — it tans one (4)

Solution to Puzzle No. 5,818



APPOINTMENTS

Senior posts at Reed Publishing

REED PUBLISHING is making a series of senior management appointments on October 1: Mr Donald Anderson, chairman of Mega Newspapers, has in addition been appointed chairman of the recently acquired Morgan Communications. Both companies are part of Reed Regional Publishing, of which Mr Anderson is a director. Mr Anderson will relinquish his position as managing director of Business Press International's Agriculture and Construction Press division but will remain on its executive. He will also continue as a director of Business Press International. Mr Tony Tillin, managing director of information services, will succeed Mr Anderson as managing director of Agriculture and Construction Press. Mr Tillin continues as a director of Business Press International. At Information Services, Mr Tillin will be succeeded by Mr Richard Dangerfield, the company's deputy managing director.

★

Mr Roger Berkeley has been appointed finance director of DCE GROUP. He was commercial director of Permali.

★

Mr John Smith, aviation operations branch manager, BP OIL, has been appointed lubricants services divisional manager. He succeeds Mr Clive Chambers, who is leaving to take up the post of supply and trading manager, Svensk BP, in Sweden.

★

Mr David Stokes has resigned as managing director of STANLEY GIBBONS to pursue other interests. Air Marshal Sir Peter Horsley has been appointed acting temporary chief executive. Mr Stokes remains as a consultant.

★

Mr Roy H. Rogers, formerly director of programme planning and staff operation at Vauxhall Motors, is appointed director, GENERAL MOTORS SERVICE PARTS OPERATIONS—UK. He succeeds Mr William E. Werner, who return to the U.S. to take up a new appointment in the GM parts organisation.

★

SEDGWICK GROUP has appointed the following to the board: Mr J. C. Crane, Mr R. R. F. Crofts, Mr J. R. Harvey, Mr F. C. Herringer, Mr A. F. Irby III, Mr J. J. Meenaghan, Mr R. M. Page, Mr S. Riley and Mr. W. H. Sheridan.

★

Mr John Sclater is to join the GUINNESS PEAT GROUP. He will become a director of Guinness Peat Group and Guinness Mahon and Co. on November 1.

★

Mr K. J. Stones has been appointed financial director of ABBEY HOMESTEADS (DEVELOPMENTS), the UK estate development subsidiary of Abbey. He remains UK group financial controller and company secretary. Mr S. D. Henderson becomes development director with responsibility for land, design and sales. Mr Henderson joined Abbey Homesteads earlier this year as director designate.

★

CLAYFORM PROPERTIES has appointed Mr David Coleman to the board of directors.

★

EXCESS INSURANCE GROUP has appointed Mr Peter P. Cabrelli to the group's main board. He joined ITT in 1970 and has been director, administration, et Excess for the last three years.

★

Mr Ross Furby has become director, passenger marketing services at BRITISH RAILWAYS BOARD. He has been the board's chief advertising manager since 1980 and takes over from Mr Ivor Warburton who has been appointed assistant general manager of the London Midland Region.

★

Mr F. W. Mack has been eppointed to the board of U.S.-based HAWKER SIDDELEY companies Fasco Industries Inc and Fasco Controls Corp as president and chief operating officer. He has also been appointed as president to the board of Elmwood Sensors Inc e subsidiary of Fasco Industries, as a director. Prior to joining Fasco, Mr Mack was president of the Imperial Eastman division of Imperial Clevite Corp.

★

Mr E. G. Thomas has been appointed a director of the multinational division of BAIN DAWES.

★

EDWARDS OF ENFIELD has appointed Mr Colin Mason as managing director. The appointment enables Mr J. A. Edwards and Mr S. H. Edwards, founders, to relinquish their current responsibilities as joint managing directors in order to concentrate, respectively, on international marketing and technical development.

★

AMERICAN EXPRESS has appointed Mr Jon Epstein to the new position of marketing director Travel Management Services (TMS) for the UK. Formerly with Citicorp he is now responsible for the marketing of all American Express travel related services to corporate customers in the UK.

★

Mr Vaughn Thompson has been appointed group treasurer of HERON CORPORATION. He was previously group treasurer of May & Baker, the UK subsidiary of Rhone-Poulenc SA.

★

Mr Stuart Goldsmith has been appointed e non-executive director of CREDIT AND COMMERCE LIFE ASSURANCE. Mr Goldsmith was previously managing director of the Britannia Group.

★

Mr Henry Lewis has been appointed chairman of J. & J. FASHIONS. Mr Lewis recently retired as a managing director of Marks & Spencer.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	63.8	67.9	-0.2	3.16
Accum Units	94.4	100.4	-0.3	3.16
Pearl Inc.	90.4	95.9	-1.1	5.34
Pearl Unit Tst.	93.7	99.7	-1.1	4.22
(Accum. Units)	158.5	168.6	-1.8	4.22

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	186.9	200.6	-1.7	1.54
Income	140.8	150.8	-0.7	5.40
Worldwide Recovery	105.8	113.4	-0.9	2.20
American Growth	57.3	61.5	-1.0	0.65
Intl. Emerging Cos.	59.4	63.8	-0.6	0.76
Far East Growth Fd.	47.4	50.9	-0.2	1.8

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	102.0	109.3	+0.7	0.28
Prolific Extra Inc.	63.1	67.1	-0.4	6.02
Prolific Gilt Cap.	82.2	85.5	+0.1	3.22
Prolific High Inc	133.6	142.1	-1.0	5.30
Prolific Intl.	83.3	89.3	-0.7	1.71
Prolific N. Amer.	116.6	124.9	-1.3	2.20
Prolific Spec. Sits	142.9	152.0	-0.5	1.64
Prolific Technology	99.9	107.0	-0.6	0.92

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	49.5	52.4	-0.1	—
Worldwide	48.7	51.6	-0.2	1.95
European Trust	51.7	54.8	-0.1	2.20
North American	49.9	52.9	-1.0	2.34
UK Equity	54.4	53.4	-0.3	4.01

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 7PG
0264 62188. Dealings to 0264 63432-3

TSB American	94.1	104.4	-1.5	1.52
Do. Accum.	98.1	104.4	-1.5	1.52
TSB Extra Income	83.1	88.5	-0.6	6.40
Do. Accum.	95.6	101.8	-0.6	6.40
TSB General	120.5	128.1		3.38
Do. Accum.	192.6	204.8	-2.8	3.43
TSB Gilt & Fxd Int	47.0	49.0	+0.1	9.46
Do. Accum.	57.8	60.3	+0.1	9.46
TSB Income	165.9	176.5	-1.8	5.01
Do. Accum.	250.2	266.2	-2.7	5.01
TSB Pacific	101.8	108.3	...	0.73
Do. Accum.	104.4	111.1	+0.1	0.73
TSB International	231.1	245.9	-1.3	1.98
Do. Accum.	281.3	299.3	-1.4	1.98
TSB Natural Resources	45.1	48.0	-0.1	2.05
Do. Accum.	45.4	48.4	-0.1	2.05
TSB Spcl. Opps.	46.5	49.5	-0.5	2.49
Do. Accum.	50.6	53.9	-1.6	2.49

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5947

Small Co's Fund	68.5	73.5	...	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	67.1	72.0	...	0.26
Australia	28.8	31.7	0.9	8.18
Commodity	85.0	94.7	...	2.05
Energy	41.0	42.9	-1.0	0.32
Equity	99.8	106.4	-1.1	3.83
European Spec. Sits.	55.9	59.8	-0.7	0.61
Extra Income	91.0	97.3	-0.7	8.36

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.44			—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$12.87			—

Inv. Adv. M. & G. Inv Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.09		—
Dynamic Gwth Fd.	$8.19	+0.08	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.40		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.12	8.31	12.31	mth
7-day Fnd	11.58	8.60	12.85	mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.14	8.33	12.25	6-Mth
7-day Fund	11.58	8.66	12.75	6-Mth
Dollar		6.81	—	6-Mth
Money Mngt. Acct.	8.88	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc.	11.25	8.00	11.93	Qtr
Aitken Hume 30 City Road, EC1Y 2AV. 01-638 6070				
Treasury Acc	11.25	8.41	12.58	Qtr
Mth. Int. Chq.	11.125	8.32	12.50	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.85	8.11	12.01	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.13	Mth
Citibank Savings St Martins Hse. Hammersmith Grove 01-748 9252				
Cheque Plus	9.00		13.30	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.98	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.85	8.11	12.01	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.32	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.200	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Chorlartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.83	8.10	12.05	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.26	8.42	12.58	Qtr
Money Acc.	11.20	8.37	12.50	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.00	8.22	12.40	Mth
Over £10,000	11.25	8.41	12.70	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5SE 0752 24141				
High Int Chq Acc.	11.81	8.83	13.04	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. k Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk	30
BOC Grp	25	NEI	8
BSR	16	Nat West Bk	60
BTR	32	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons	18	Turner Newall	18
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brist. Oil & Min	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Congress closer to Farm Bill deal

BY NANCY DUNNE IN WASHINGTON

THE U.S. CONGRESS was yesterday an important step closer to hammering together a 1985 Farm Bill, following the House Agriculture Committee's approval of a legislative package on Tuesday night.

The committee said the five-year Bill, which is a mixture of almost every major proposal which has been considered over the past year, would cost $42bn over the next three years, cutting $11.8bn from current costs. However, one sceptical Administration official said the cuts were made with "smoke and mirrors."

And President Ronald Reagan yesterday reiterated his threat to veto any farm legislation that exceeds his budget limits in a letter to a House member.

The Administration asked for and got lower loan support prices for its "market-oriented" approach. To make U.S. grain more competitive on the world market, the Bill would drop the loan rate, which acts as a price support, by 5 per cent a year as long as world prices are declining. The support price for wheat would thus drop from $3.30 a bushel this year to $3.14 in 1988. Maize supports would drop from $2.55 a bushel to $2.42.

The committee, attempting to preserve the "safety net" for farm income agreed to continue direct subsidies at current levels for the next two years. After than, target prices could decline 5 per cent a year.

In an attempt to limit payments to the large farmers, the committee set a cap on subsidy payments of $50,000 per producer and limited non-recourse loan payments to $250,000.

The committee then turned over to the Agriculture Secretary the decision to implement a "marketing loan" programme. This scheme, strongly supported by the National Association of Wheat Growers, might have received a committee mandate except that no one was sure what it would cost. It allows farmers to repay their price support loans at current market prices, thus providing a loan subsidy.

The big surprise of the new Bill was inclusion of a proposal allowing farmers to vote on production controls of wheat and feed grains. The vote would be held on February 1, and if 60 per cent of the farmers agreed, the Department of Agriculture would then institute a radical two-tiered pricing scheme, which would make exports cheaper than domestic grain.

Higher loan rates—$4.05 a bushel for wheat and $3.25 a bushel for maize—would immediately go into effect. Production subsidies would be eliminated, and export subsidies would go into effect.

The Bill also extends the current sugar support programme in its current form, guaranteeing sugar producers almost 20 cents a pound. It contains a new formula for reducing the cost of the dairy supports but authorises a "diversion" scheme which would pay farmers from a farmer-financed fund if they reduce the size of their herds.

Talks on sheep regime stalled

BY OUR BRUSSELS STAFF

QUADRILATERAL talks aimed at relieving pressure on sheepmeat prices in the British, French and Irish markets ended inconclusively in Brussels yesterday.

The negotiations, taking place under the auspices of the European Commission, centred on plans to withdraw special premiums paid to British exporters of ewes, rams and light-weight lambs from October 1.

The decision to end these payments was made at the conclusion of the annal farm fixing talks in June, following pressure from France. It claimed that the subsidy distorted its market and acted as an additional and unfair trading advantage to UK producers.

British farmers, who enjoy a deficiency payments regime as opposed to the intervention or buying-in systems for unsold stocks operated elsewhere in the EEC, have warned that abandoning the subsidy would severely damage their incomes.

France is committed to seeing the aid withdrawn, due to mounting pressure from its sheep farmers who are suffering from low prices. UK sheepmeat exports to France reached 35,500 tonnes last year out of a total export sale of 47,200 tonnes.

However, the Commission retains ultimate authority over management of the market and, if France proves too inflexible, Brussels might simply agree to keep the subsidy in place.

New talks on the issue are expected to begin next week.

Fraud could be costing Community millions

By Our Brussels Staff

POOR MONITORING of farm support payments could be costing the EEC millions of European currency units (Ecu's) each year through both legal and illegal claims, according to a damning report from the Community's Court of Auditors.

An investigation carried out by the Court's investigators has established widespread weaknesses in the systems designed to ensure that payments are properly made. And the report goes on to condemn lax administration by member states and inadequate levels of inspection.

Yesterday Mrs Barbara Castle, the UK Labour MEP with responsibility for agriculture, called for new rules to stamp out quasi-legal practices and action against frauds.

The auditors' report fails to assess the cost of unjustified claims. But it points out that as many involve export refunds, which absorbed Ecu 6.2bn (£3.7bn) or more than a third of total EEC farm expenditure last year, the sums involved could be substantial.

It warns that "existing controls do not appear to be capable of guaranteeing full protection for community funds."

According to the auditors' findings, export subsidies are claimed both through straightforward fraud and exploitative trading. This includes the notorious "carousal" by which goods attracting subsidies are exported, then smuggled back to the country of origin before being exported again.

Exporters have also been known to use false customs declarations to ensure a higher subsidy than that to which they are legally entitled.

Inadequate checks also mean that goods attracting a consumer subsidy for sale within the Community, such as butter, have often been subsequently exported, thereby gaining an additional export refund.

U.S. oil stocks still well down on 1984 level

By Our Washington Staff

U.S. PETROLEUM stocks barely changed during last week, for the most part, remaining well below 1984 levels, according to the American Petroleum Institute (API).

Crude oil stocks, 17.7m barrels lower than this time lastyear, were estimated at 322.6m barrels, slightly more than in the previous week.

Stocks of distillate fuel oil rose 2.4m barrels over the week to 117.5m barrels. Distillate stocks are now 22.2m barrels below 1984.

Residual fuel oil stocks moved up slightly last week to 39.3m barrels, more than 9m barrels lower than last year at this time.

Germany to urge coffee quota rise

HAMBURG — The West German delegation to the International Coffee Organisation (ICO) negotiations in London will demand an increase in producing countries' export quotas, the Economics Ministry in Bonn said yesterday, reports Reuter.

A Ministry spokesman said West Germany's need for high quality coffee was above average and a total export quota of about 60m bags seemed realistic.

EEC rejects Australian attack on farm policy

BY IVO DAWNAY IN BRUSSELS

MR FRANS ANDRIESSEN, the EEC Farm Commissioner, has attacked a report by Australian agricultural economists which blamed the EEC's common agricultural policy (CAP) for damaging world markets.

His vigorous defence of the CAP, delivered to the Canberra press club, will be closely read for its clues as to the Community's likely arguments during any review of world farm trade, undertaken during a new round of the General Agreement on Tariffs and Trade (Gatt).

The original Australian report, published by the government-funded Bureau of Agricultural Economics, claimed the CAP's costs were far greater than the EEC's annual farm budget. High prices, it said, not only added to the burden on European taxpayers and consumers but filtered through into other sectors of the economy, distorting production and consumption.

It added that the impact of the policy also hit food prices and hence, producers outside the Community.

Mr Andriessen has countered by pointing out that all farm support policies conducted in most countries have an impact on world farm trade. Domestic production aids, carried out by many countries, deserved as much consideration as the EEC's export subsidies.

The Commissioner also underlined that regulatory marketing boards and subsidised credit for buyers, commonplace outside the EEC, shift farm costs to consumers without opening markets to foreign imports.

He dismissed longstanding claims that EEC farmers have a proportionately greater lobbying power in the Community than those outside, stressing that farm incomes in France and West Germany had fallen by 20 per cent since the late 1970s.

Food costs as a proportion of household expenditure in the Community averaged about 15 per cent, broadly in line with other countries, while a U.S. analysis had assessed prices in Canberra at up to 20 per cent above those in Paris or London.

The expansion of EEC farm production, also widely criticised, was very close to the average recorded by the OECD.

Mr Andriessen went on to blame the crisis in the world farm trade as in part, attributable to new exporters such as China, while world demand was continually outstripped by supply.

Havana comes to the defence of its cigar trade

BY FRANK GRAY

CUBA'S agriculture ministry is seeking new initiatives abroad in order to safeguard exports of tobacco and tobacco products, particularly the island's world famous Havana cigars.

The initiative comes in the face of numerous natural disasters and man-made problems in recent years which are hampering the country's tobacco trade. It takes place alongside a change in Cuba's trade policy, which is now aimed at encouraging more ties with western nations and boosting hard currency earnings.

The country's tobacco exports, of which cigars are the main part, are, in a good season, worth about 3 per cent of Cuba's overall exports of Pesos 5.5bn (£4.5bn).

Good seasons, however, have been in short supply in recent years. In the 1979-80 harvest, some 95 per cent of the crop was lost to the "blue mold" which ravaged tobacco harvests throughout the Americas. A full recovery the following season gave way to extensive hurricane damage in 1981-82 and 1982-83. The harvest of last year and this year have returned to normal, which is welcome news to Western cigar importers, most of whom are in Spain, the UK and Switzerland.

However, the recovery is looking short-lived as Spain prepares to enter the EEC next January 1.

When that happens, the preferential tariff Cuban cigars have enjoyed in Spain will give way to the much higher rate that applies to such trade with the UK, where Cuban cigar sales fell sharply following British accession to the EEC in 1973.

Essentially the problem facing both Spain and Cuba is that any cigar imported into Spain, other than from the Lomé Convention countries, mainly former European colonies, will face a progressively applied 41 per cent increase in duties following the country's EEC accession.

European cigar importers reckon this will seriously impinge on Spain's estimated annual intake of 50m Cuban cigars, which is about one-third of what Cuba claims to be its worldwide market.

Nearly all of Spain's imports are of the machine-made variety, considered to be well below the standard of the famous "hecho-a-mano" (hand-made) marques from Havana. Britain, with an intake of 5m a year, is thought to be the chief importer of the latter.

Cuban trade officials in London said recently that what is being sought is a workable joint venture with tobacco interests in Spain for the production of popular-grade cigars made of imported Cuban tobacco.

Such a move would circumvent EEC duties on Cuban cigars, and would give the Cuban authorities a much needed export outlet for a staple product. It would be similar to that which they have enjoyed with Canada for several decades in which raw, all-Cuban tobacco is used for cigar manufacture.

Cuba already has the benefit of joint venture experience, having for some years been tied in with Spanish interests in the Canary Islands, where Cuban black tobacco is used in the production of cigarettes for the Spanish market. The joint venture company is called Tabacanarias, in which BAT of the UK has a minority interest.

In the view of cigar importers the initiative shown by the Cubans is refreshing given the country's poor harvests and erratic deliveries.

A recent sign of this was a Cuban Government challenge to the use of the Havana name by foreign tobacco concerns. This resulted in a Belgian court prohibiting a Brussels company from using the name on Belgian produced cigars. For the most part it has been the importers themselves who have had to take such actions.

The Government action is seen as a sign of a welcome change in the attitude shown to the cigar industry since its nationalisation in the 1960s following the toppling of the Batista regime.

One early proposal, which was greeted with almost universal horror, was to abolish the famous old company names and pool them into one company producing a kind of "people's" cigar. This would have fractured trading relations built up over more than a century with companies such as Knight Brothers of the UK.

Fidel Castro: showing a taste for good cigars

It is generally thought that the taste for good cigars exhibited by President Castro and his colleague, the late Che Guevara, prevented the move. Today most of the old companies, bearing such names as H. Upmann, Romeo y Julieta, Ramon Allones, Monte Cristo, Punch and Partagas, are still made in their original premises in Havana. Several new marques have been added since then, such as Davidoff, named after the Swiss shipper, and Cohiba, named after the Indians found smoking rolled tobacco at the time of the Spanish conquest.

Still, the loss of the U.S. market owing to the U.S. trade embargo, the growing strength of the anti-smoking lobby and the popularity of cheap cigars and cheroots—known as "sticks" in the trade, a term never applied to Cuban cigars—has cut into the overall trade in Havanas, remarks Mr Walter Kahn, managing director of Joseph Samuel, a UK importer. UK sales of "sticks" are put at 1.4bn per year, compared with 5m Havanas, though admittedly Cuban cigars are sold to an entirely different market sector at prices ten to 30 times higher per cigar. Some 35m Cuban cigars were sold in the UK in 1939.

Competition also has arisen from medium quality marques from the U.S., the Netherlands and Jamaica, but as Mr Kahn points out, there is no comparison in quality. "It has to do with the soil in Cuba, which has the same effect on tobacco that soils in certain chateau vineyards in France have on the production of vintage grapes. For example, the Jamaicans produce good binder and filler, but no country produces a wrapper (the vital outer leaf) like Cuba."

The move to offshore volume production as suggested by the proposed Spanish venture is not seen as a threat to the top-of-the-market shippers, whose products will remain protected by the famous 1912 legislation which specifies that the contents of a container of cigars bear the "Exported from Havana" seal. In fact, Hunters and Frankau of the UK are adding some Cuban machine-made cigars to their range, which they are marketing under their own label. But what is vital, is the continuity of production and supply.

"To make a good Havana cigar," said a Hunters and Frankau representative, "you need tobacco from three harvests. It is that which separates 'vintage' Havanas from the rest."

LONDON MARKETS

A WAVE of profit-taking, inspired by the tone in the New York market coupled with the steadiness of the dollar against sterling, pushed sugar futures prices down in London yesterday. Nearby values, which had reached 1985 highs on Tuesday, lost $4 or $5 a tonne. In the morning the London daily raw sugar price had been fixed at a 20-month high of $140.50 a tonne, reflecting Tuesday's market strength. The coffee futures market was firmer with the lead once again coming from New York and the sterling/dollar rate encouraging the move. The November position ended £17 higher at £1,677.50 a tonne, regaining more than half Tuesday's fall. The cocoa market was relatively quiet with the December position ending in the middle of a fairly narrow trading range at £1,775.50 a tonne, up £7.

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	754-5	—3.5	—
3 months	777-.5	—.25	782.5/772

Official closing (am): Cash 752-.5 (760.5-1). three months 775-.5 (783-.5). settlement 752.5 (761). Final Kerb close: 777. Turnover: 16,875 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	1032.5-4.5	—2.25	1028/1026.5
3 months	1060-1	—3	1063/1063

Official closing (am): Cash 1,025-.5 (1,044-.5). three months 1,053-.5 (1,071.5-2). settlement 1,025.5 (1,044.5). Final Kerb Close: 1,060-1.

Cathodes			
Cash	1008-11	—8	—
3 months	1036-0	—9	—

Official closing (am): Cash 1,002-4 (1,019-21). three months 1,028-30 (1,047-9). settlement 1,004 (1,021). Turnover: 25,475 tonnes. U.S. Producer prices 65.50-69 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	
Cash	298.5-300.5	+1.75	302.5/301
3 months	301.5-2	—.5	303/301

Official closing (am): Cash 302.5-3 (297.5-8). three months 302.5-3 (301.5-2). settlement 303 (298). Final Kerb close: 301.5-2. Turnover: 13,450 tonnes. U.S. Spot: 18.50-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	3596-600	—12.5	—
3 months	3632-4	+6.5	3636/3605

Official closing (am): Cash 3,575-80 (3,635-40). three months 3,605-10 (3,635-40). settlement 3,580 (3,640). Final Kerb close: 3,620-30. Turnover: 600 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	9189-90	+14	—
3 months	9150-5	+26	—

Official closing (am): Cash 9,174-5 (9,175-80). three months 9,137-42 (9,130-4). settlement 9,175 (9,180).

Standard			
Cash	9189-90	+15.5	9180/9175
3 months	9150-5	+25	9160/9120

Official closing (am): Cash 9,174-5 (9,175-80). three months 9,137-42 (9,130-2). settlement 9,175 (9,180). Final Kerb close: 9,150-55. Turnover: 2,185 tonnes. Straits tin $m 29.65 (29.67) kilo.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	566 8	+2	—
3 months	532-3	+6.25	535/521

Official closing (am): Cash 520-1 (527-8). three months 526-7 (532.5-3). settlement 521 (528). Turnover: 6,000 tonnes. U.S. Prime Western: 41-41.75 cents per pound.

GOLD

Gold fell $1½ to $320¾-320¾ on the London bullion market yesterday. It opened at $321½-322 and was fixed at $322 in the morning and $320¾ in the afternoon. The metal touched a peak of $323-323½ and a low of $319¾-319¾. Rumours about the death of Sheik Yamani, Saudi Arabian oil minister, boosted the dollar and put downward pressure on gold. But news about South African gold swaps had little or no impact.

GOLD BULLION (fine ounce) Sept. 10

Close	$321¼-366	(£244¼-244¾)
Opening	$320¼-320¾	(£245 246½)
M'nl'g fix	$322.00	(£244.405)
Aft'n'n fix	$396.75	(£245.503)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$324 324½	(£248 246¼)
½ Krug.	$170 170½	(£150 150½)
¼ Krug.	$86¾-87¼	(£66½-66¾)
1/10 Krug.	$35½-36	(£27¼-27¾)
Mapleleaf	$330½-331	(£253-253¼)
New Sov.	$75¾-76½	(£58-58½)
½ New Sov	$46-46½	(£35¼-35½)
Old Sov.	$78¼-80	(£60-61¼)
$20 Eagle	$440 490	(£336¾-375)
Noble Plat	$332-335¼	(£247¼-250¼)

SILVER

Silver was fixed 0.85p an ounce lower for spot delivery in the London bullion market yesterday at 459p. U.S. cent equivalents of the fixing levels were: spot 604.5c; up 1.65c; three-month 616.85c, up 1.85c; six-month 629c, up 1.25c; and 12-month 656.75c, up 1.4c. The metal opened at 459½-461p (604-607c) and closed at 461-464p (603-606c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	459.00p	—0.85	460.5p	+0.5
3 months	471.90p	—1.00	473.5p	+0.5
6 months	485.75p	—1.55	—	—
12 months	508.70p	—1.95	—	—

LME — Turnover 550 (32) lots of 10,000 ounces.

Three months high 474p, low 471p, final Kerb 473p.

RUBBER

PHYSICALS—London closing prices (buyers) for Rss No. 1: spot 62.50p (same): October 59.00p (58.75p): November 59.00p (58.75p).

Kuala Lumpur fob price (Malaysia/Singapore cents per kg Rss No. 1 161.75 (161.53; SMR 20 145.5 (same).

INDICES

FINANCIAL TIMES

Sep. 10	Sept. 9	M'th ago	Year ago
253.04	253.75	252.85	002.62

(Base: July 1 1952 = 100)

REUTERS

Sep. 10	Sept. 9	M'th ago	Year ago
1736.6	1736.6	1711.3	1863.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Sept. 10	Sept. 9	Month ago	Year ago
Spot	111.72	111.91	—	127.42
Fut.	112.42	112.00	—	126.61

(Base: December 31 1974 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Sept 11 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt.	$1030/60	—10	$1050/70
Copper			
Cash h Grade	£1034	—2.25	£1020.70
3 mths	£1060.5	—3	£1045.25
Gold Troy oz	$320.5	—1.5	$326.25
Lead Cash	£300	+1.75	£305
3 mths	£301.75	—0.5	£298.5
Nickel			
Free Mkt.	212/232c	—4	224/249c
Palladium oz	$98.15	—0.85	$105.25
Platinum oz	$313.25	—5.25	$293.65
Quicksilver†	$200/300		$280/300
Silver troy oz	459.00p	—0.85	452.30p
3 months	471.00p	—1.00	464.50p
Tin cash	£9189.5	+15.5	£9152
6 months	£9152.5	+25	£9116.5
Tungsten	$67.52	....	$71.85
Wolfram 22.0lb	$66/70	....	$66/70
Zinc	£567	+0	£534.5
6 months	£532.5	+6.25	£537.5
Producers	$780/800	....	$830
OILS			
Coconut (Phil)	$430z	....	$477.0
Palm Malayan	$545z	—5	$415
SEEDS			
Copra Phil	$285z	....	$325
Soyabean (U.S.)	$213.25	+1.35	$216
GRAINS			
Barley Fut. Nov.	£104.70	—0.25	£101.60
Maize	£128.80y	....	£136.40
Wheat Fut. Nov.	£104.95	....	£101.30
No. 2 Hard Wint.	‡	....	‡
OTHERS			
Cocoa Ft. Dec.	£1775.5	+7	£1717.5
Coffee Ft. Nov.	£1677.5	+17	£1714.5
Cotton A Index	53.75c	....	56.20p
Gas Oil Nov.	$240	—1	$229.75
Rubber (kilo)	60.5p	....	63p
Sugar (raw)	$140.5z	+6.5	$122.5
Wooltops 64s	428p kilo	....	455p kilo

‡ Unquoted. z Sept-Oct. y Oct. † Per 76-lb flask. c Cents per pound.

COCOA

Futures opened £5 steadier, as due, and generally held the gains through to the end of a dull day. Spot physicals continues to command premiums in the second-hand market, but producers and consumers were absent, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Sept.	1786-1728	+10.5	1728-1720
Dec.	1775-1776	+7.0	1780-1772
March	1794-1795	+7.5	1798-1791
May	1808-1810	+7.0	1815-1807
July	1823-1824	+8.0	1828-1820
Sept.	1839-1840	+8.0	1848-1856
Dec.	1839-1841	+12.5	1845-1844

Sales: 1,460 (2,431) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for September 11: 101.81 (101.88); five-day average for September 12: 103.25 (104.03).

COFFEE

During a quiet session prices remained within a narrow range in poor volume, reports Drexel, Burnham, Lambert. Gains of £12-15 were posted as sterling declined but the rise was short-lived due to a lack of follow-through buying above £1,670, basis November.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept.	1634-1637	+16.0	1638-162
Nov.	1676 1679	+17.0	1688-1680
Jan.	1716 1715	+16.0	1712-1700
March	1744-1748	+17.0	1742-1735
May	1775-1790	+36.5	1780-1760
July	1790-1805	+17.5	1805-1800
Sept.	1790-1840	+16.0	—

Sales: 943 (1,963) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for September 10: Comp. daily 1979 117.40 (117.72): 15-day average 116.80 (120.08).

GRAINS

Wheat was nervous with values finally drifting on further profit-taking after initially reaching contract highs. September attracted origin selling after the recent sharp gains. Barley was relatively quiet, easing on slightly weaker physical trade, reports Moirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	104.75	—0.15	103.20	—0.80
Nov.	104.95	—	104.70	—0.25
Jan	108.40	—0.20	108.60	—0.35
Mar.	111.35	—0.20	111.50	—0.25
May	114.60	—0.20	114.35	—0.30
July	117.25	—0.30	—	—

Business done—Wheat: Sept 105.25-4.50, Nov 105.30-4.95, Jan 108.90-8.45, March 111.90-1.35, May 116.10-4.60, July 117.55 only. Sales: 617 lots of 100 tonnes. Barley: Sept 103.80-3.85, Nov 104.95-4.70, Jan 108.85-8.50, March 111.75-1.70, May 114.40 only. Sales: 105 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Oct 129.50, Nov 131.35, Dec 133.50 transhipment East Coast. U.S. No. 2 Soft Red Winter: Oct 110.75, Nov 112.75, Dec 114.25. EEC: Sept 116.00. English Feed, fob: Sept 105.50-105.00, Oct 106.50-107.00 buyer/seller. Nov/Dec 108.50 seller, Jan/March 113.00-113.50, April/June 118.00-118.25, Jan/June 115.75-116.25 buyer/seller. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: Oct 129.50. Barley: English Feed, fob: Spot 101.50-102.50, Oct 105.00-105.50, Oct/Dec 107.00-108.00 buyer/sellers, Jan/March 112.00, April/June 117.50 sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices: Feed barley: Eastern 94.50, E. Midlands 96.90, N. East 98.80, Scotland 97.40. The UK monetary coefficient for the week beginning Monday, September 16 will remain unchanged.

MEAT

PIGMEAT — Prices closed mixed around unchanged levels with a good volume of trade despite the narrow range. Physical prices were slightly higher but the rise was smaller than on previous days, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Oct.	113.50	113.80	113.00
Nov.	116.00	116.00	115.2-114.5
Feb.	102.40	102.40	102.5-102.3
April	103.50	103.50	103.7-103.5
June	101.20	102.40	102.00
Aug.	100.90	101.20	101.0-100.9

Sales: 94 (142) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.09p per kg lw (—0.15). GB—Sheep 143.10p per kg est dcw (—1.16). GB—Pigs 81.86p per kg lw (+3.12).

U.S. MARKETS

PRECIOUS METALS moved modestly lower in sympathy with the weakness in currencies along with the lack of fresh developments in South Africa, reports Heinold Commodities. Copper traded steady on the lack of follow-through selling linked to continued tightness of spot supplies in the U.S. market. Sugar weakened as cash demand began to soften in reaction to the high price levels. Lack of fresh crop news along with indications of more favourable conditions in Brazil and West Africa put slight pressure on cocoa values. Coffee was mixed with light short-covering noted ahead of the International Coffee Organisation meeting next week. Light pressure on cotton values developed in anticipation of a bearish USDA crop report. The energy complex came under pressure from a bearishly construed trade stocks report long with fears that Opec might abandon production quotas

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Sept	43.30	43.45	43.15	43.55
Oct	43.60	—	—	43.90
Nov	44.00	—	—	44.20
Dec	44.35	44.60	44.30	44.65
Jan	44.75	—	—	45.05
March	45.60	45.75	45.50	45.75
May	46.20	—	—	46.45
July	46.90	—	—	47.15
Sept	47.60	—	—	47.85
Jan	48.00	—	—	45.25

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2050	2070	2043	2079
Dec	2130	2133	2124	2138
March	2179	2182	2173	2186
May	2199	2196	2193	2203
July	2219	2215	2210	2223
Sept	2228	2230	2230	2233
Dec	2230	2240	2240	2244

COFFEE "C" 37,500 lb. cents/lb

	Close	High	Low	Prev
Sept	134.20	134.20	132.80	134.06
Dec	135.61	136.20	134.90	735.46
March	137.30	137.60	136.50	137.04
May	738.25	137.80	137.30	138.10
July	138.55	139.25	138.60	138.70
Sept	140.00	139.45	139.25	139.00
Dec	139.50	—	—	139.25

COPPER 25,000 lb. cents/lb

	Close	High	Low	Prev
Sept	59.78	59.90	59.35	59.60
Oct	60.00	—	—	59.90
Nov	60.30	—	—	59.70
Dec	60.65	60.75	60.20	60.45
Jan	60.90	—	—	60.70
March	61.45	61.60	61.00	61.15
May	61.80	61.65	61.35	61.50
July	62.20	62.20	61.70	61.90
Sept	62.60	62.75	61.66	62.15
Dec	63.25	63.08	62.70	62.76

COTTON 50,000 lb. cents/lb

	Close	High	Low	Prev
Oct	58.30	58.35	58.10	58.32
Dec	57.83	58.85	57.56	57.85
March	58.88	59.05	58.80	59.70
May	59.27	59.45	59.25	59.58
July	58.70	59.00	58.80	59.00
Oct	53.52	53.70	53.56	53.85
Dec	52.89	52.90	52.55	53.00

CRUDE OIL (Light) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Oct	27.87	28.00	27.68	27.89
Nov	27.12	27.28	26.96	27.16
Dec	29.90	26.76	26.48	26.71
Jan	26.25	26.37	26.15	26.36
Feb	25.88	26.05	25.86	26.05
March	25.63	25.76	25.60	25.78
April	25.42	25.45	25.33	25.53
May	25.15	25.15	25.11	25.29
June	24.95	25.06	24.95	25.07

GOLD 100 troy oz. $/troy oz

	Close	High	Low	Prev
Sept	321.7	—	—	321.8
Oct	322.4	322.5	320.2	323.2
Nov	324.5	—	—	324.6
Dec	326.7	327.2	324.6	327.6
Feb	331.1	331.8	329.7	332.0
April	335.4	335.6	334.0	336.3
June	340.3	340.0	340.0	341.2
August	345.2	345.5	344.5	346.1
Oct	350.2	350.5	349.0	351.7
Dec	355.2	355.3	353.5	356.1
Feb	360.5	—	—	361.4
April	365.9	—	—	366.8
June	371.6	—	—	372.5

ORANGE JUICE 15,000 lb. cents/lb

	Close	High	Low	Prev
Sept	138.75	139.00	137.00	137.00
Nov	131.40	731.50	730.20	129.55
Jan	126.80	127.00	126.00	125.45
March	124.70	725.00	124.00	123.75
May	123.70	—	—	122.75
July	723.50	—	—	122.55

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Oct	78.60	—	78.25	80.41
Nov	78.65	79.85	78.20	79.94
Dec	78.30	79.00	77.70	79.10
Jan	77.90	7.920	77.10	79.45
Feb	76.40	75.80	75.55	77.00
March	72.70	73.50	72.70	73.50
April	70.00	70.00	70.00	70.50
May	69.35	69.35	69.35	69.85

PLATINUM 50 troy oz. $/troy oz

	Close	High	Low	Prev
Sept	315.2	314.5	314.5	319.7
Oct	315.7	321.0	314.0	320.2
Jan	316.5	320.5	313.0	320.6
April	318.5	323.9	317.5	323.0
July	322.1	326.7	321.0	326.5
Oct	326.1	327.0	325.0	330.5

SILVER 5,000 troy oz. cents/troy oz

	Close	High	Low	Prev
Sept	605.4	607.5	603.5	604.9
Oct	607.7	—	—	607.7
Nov	611.7	—	—	609.7
Dec	615.0	518.0	613.0	616.0
Jan	620 6	—	—	620 5
March	629.4	631.5	626.0	629.2
May	636.7	639.5	635.0	638.3
July	645.6	650.0	650.0	648.2
Sept	658.9	660.0	660.0	668.3
Dec	674.6	576.0	672.0	673.7

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	High	Low	Prev
Oct	5 32	5.55	5.31	5.55
Jan	5.52	5.72	5.46	5.74
March	5.78	5.98	5.76	6.00
May	5.91	6.16	5.90	5.16
July	5.10	6.35	6.10	6.37
Oct	6.51	5.70	5.50	6.60
Jan	6.48	—	—	6.45

CHICAGO

LIVE HOGS 30,000 lb. cents/lb

	Close	High	Low	Prev
Oct	36.12	36.25	35.27	35.85
Dec	38.02	38.15	37.20	37.45
Feb	39.85	39.30	38.56	38.87
April	36.65	36.77	36.32	36.60
June	40.75	40.80	40.10	40.40
July	41.25	41.25	40.85	41.10
August	40.65	41.05	40.65	40.85
Oct	38.57	38.57	38.55	38.70
Dec	38.67	38.97	38.95	39.00

LIVE CATTLE 40,000 lb. cents/lb

	Close	High	Low	Prev
Oct	53.07	53.47	52.60	53.07
Dec	56.00	56.22	55.37	55.77
Feb	55.07	55.32	54.35	54.85
April	55.77	56.15	55.35	55.72
June	56.95	57.10	56.36	56.60
August	55.60	55.90	55.40	55.35

MAIZE 5,000 bu min. cents/56lb-bushel

	Close	High	Low	Prev
Sept	224.2	226.0	223.2	222.6
Dec	217.6	218.6	215.2	216.2
March	228.2	229.0	227.0	226.6
May	235.2	236.0	233.5	232.5
July	238.6	239.4	237.6	237.4
Sept	230.2	231.4	230.2	229.4
Dec	228.4	229.2	227.6	227 4

PORK BELLIES 38,000 lb. cents/lb

	Close	High	Low	Prev
Feb	57.75	57.90	56.00	56 97
March	57.90	58.00	56.75	57.07
May	59.10	59.10	57.90	56.16
July	59 05	58.16	58.05	58.65
August	57.05	57.25	57.05	56.17

SOYABEANS 5,000 bu min. cents/60lb-bushel

	Close	High	Low	Prev
Sept	508.2	510.0	506.4	507.6
Nov	506.4	508.0	504 0	505.4
Jan	515.6	518 0	514.0	515 6
March	527.6	529.0	526.6	527.4
May	538.0	538.4	536.4	537.0
July	543.4	545.0	541.4	543.2
August	542.4	544.0	541.0	543.6
Sept	536.4	—	—	537.4
Nov	536.4	539.0	535.0	539.0

SOYABEAN MEAL 100 tons. $/ton

	Close	High	Low	Prev
Sept	726.7	726.9	725.8	126.2
Oct	127.5	128.0	127.0	727.4
Dec	131.3	131.7	730.6	730 9
Jan	132.6	133.2	132.1	132.1
March	134.8	135.7	734.5	134.6
May	137.0	167.2	136.5	137.0
July	139.2	740.0	138.0	138.5
August	139.5	140.0	138.6	140.7
Sept	138.0	140.0	138.0	138.5

SOYABEAN OIL 60,000 lb. cents/lb

	Close	High	Low	Prev
Sept	21.41	21.66	21.40	21.51
Oct	21.14	21.36	21.12	21.27
Dec	21.04	21.24	21.00	21.17
Jan	21.24	21.40	21.20	21.36
March	21.50	21.70	21.56	21.70
May	21.85	22.00	21.84	21.98
July	22.15	22.20	22.10	22.23
August	22.28	—	—	22.38
Sept	22.30	—	—	22.42
Oct	22.32	—	—	22.33

WHEAT 5,000 bu min. cents/60-lb bushel

	Close	High	Low	Prev
Sept	279.0	280.4	276.6	278.0
Dec	288.4	291.0	286.2	287.0
March	296.6	298.0	293.4	294.0
May	294.4	296.0	291.5	293.5
July	277.P	279.4	274.9	276.0
Sept	279.6	280.0	279.6	278.4

SPOT PRICES—Chicago loose lard 16 50 (17.00) cents per pound. New York tin 552.0-56.0 (553.0-58.0) cents per pound. Handy and Harman silver bullion 604.5 (603 0) cents per troy ounce.

OIL

September Forties sold at, and closed at, $27.75. Brent traded erratically, up to Tuesday's lows. Nymex opened 21c down for October and traded 5c down at 1 pm EDT. In the petroleum products market gas oil weakened in line with lower New York futures. Heavy fuel prices rose slightly on tight supply—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	27.35-27.45*	+0.20
Arab Heavy	25.20-25.30*	+0.10
Dubai	28.00-28.15*	+0.10
Brent Blend	26.80-27.00	—0.55
W.T.I. (1pm est)	27.80-27.90*	—
Forcados (Nigeria)	27.80-28.10	—
Urals. (cif NWE)	27.00-27.10	+0.06

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	066-068	—
Gas Oil	249-250	—1
Heavy fuel oil	156-160	+0.5
Naphtha	249-252	—1

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	245 00	—5.25	244.00-42.25
Nov.	040.00	—1.00	240.50-30.75
Dec	237.00	—0.75	237.50-35.65
Jan	634.25	—0.50	234.50-32.50
Feb.	951.25	—	251.25-33.00

Turnover: 1,076 (2,322) lots of 100 tonnes.

POTATOES

The market briefly dipped 30p on the opening before renewed interest lifted values in extremely thin trading conditions. Price fluctuated between £83 and £82.10 on April during the afternoon and the tone on the close was firm, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	58.30	58.80	59.00-58.58
Feb.	67.90	61.00	—
Apr.	82.50	81.40	83.00-81.10
May	87.90	86.80	—

Sales: 158 (396) lots of 40 tonnes.

HIDES

HIDES — Birmingham (Manchester). Second clears. Pence per kg. (w withdrawn). Ox: 31-35.5 kg. 87.4 (89.3); 26-30.5 kg. 101.0 (103.0w); 22-25.5 kg. 106.3w (107.0w). Cows: Under 25.5 kg. 102.8 (n/s).

SOYABEAN MEAL

The market opened unchanged and traded in a narrow range, reports T. G. Roddick. It failed to rally on commission house buying interest and closed unchanged.

	Yesterday close	+ or —	Business Done
	£ per tonne		
October	121.6-122.9	—0.35	162.0
Dec.	122.8-123.8	+0.20	123.0
Feb.	126.3-126.7	—0.10	126.0
Apr.	127.5-127.8	—0.10	128.0-127.6
June	127.8-128.6	+0.05	128.6
August	128.0-150.0	—	—
October	129.0 132.9	—0.50	—

Sales: 152 (468) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICES—Raw sugar $140.50 (£106.56), up $6.50 (up £4.00) a tonne for September-October delivery. White sugar $180.00, up $2.50.

The market lacked fresh incentive and profit-taking depressed prices, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	149.4-149.6	145.4-145.6	147.2-147.2
Dec	145.8-144.5	148.4-148.9	148.8-144.6
Mar.	151.8-151.0	156.0-156.6	157.2-151.6
May	154.8-155.0	159.6-160.0	160.4-155.6
Aug	159.8-161.9	165.0-166.4	—
Oct	166.0-166.6	170.6-171.0	171.0

Sales: 3,706 (4,069) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £210.00 (£207.00) a tonne for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for September 10: Daily price 6.27 (6.13); 15-day average 4.74 (4.67).

PARIS—(FFr per tonne): Oct 1604-1610, Dec 1580-1592, March 1601-1610, May 1635-1649, Aug 1675-1690, Oct 1730-1745.

FREIGHT FUTURES

The market reacted to the news of higher physical rates on major grain routes with gains on nearby positions. There was a further surge in levels during the afternoon which was finally counteracted by strong trade selling pressure prior to the close, reports Clarkson Wolfe. The Baltic Freight Index was 747, up 7.

	Close	High/Low		Prev.
Oct.	837	840	847/833	829/835
Jan.	882	893	894/880	872/875
April	036	943	940/930	925/930
July	850	855	—	851/875
Oct.	900	986	—	988/075
Jan.	1000	1050	—	980/1020
April	1000	1080	—	981/1050
July	020	1000	—	930/1000

Turnover: 151.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar moves above DM2.95

Buying of the dollar increased as the U.S. currency broke through a technical resistance point of DM 2.9530 on the foreign exchanges yesterday. Demand for the U.S. currency increased on fears about instability in the world oil market following rumours about the death of Sheik Yamani, Saudi Arabian oil minister. A later report from Geneva stated that the Sheik was alive and well, but as far as the market was concerned the dollar had already advanced beyond one or two resistance levels and showed no sign of retreating. Earlier the dollar had tended to ease in nervous trading as dealers await tonight's U.S. M1 money supply announcement and tomorrows data, including retail sales and industrial production. These are expected to dictate the dollar's immediate performance ahead of next week's flash estimate of third quarter U.S. gross national product growth, and a further revision of second quarter GNP. A statement to Congress by Mr Paul Volcker, chairman of the Federal Reserve Board, had little impact.

The dollar rose to DM 2.9610 from DM 2.94; FFr 9.02 from FFr 8.9650; SwFr 2.4390 from SwFr 2.4250; and Y243.50 from Y242.65.

On Bank of England figures the dollar's index rose to 142.4 from 141.8.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. August average 1.3838. Exchange rate index fell 0.1 to 79.9. It opened at 80.2, and touched a peak of 80.4 at 11 am, before falling to a low of 79.8 at 3 pm.

Sterling weakened against the stronger dollar, but continued to recover against other major currencies. The latest UK money supply figures, probably ruling out any early fall in clearing bank base rates helped underpin the pound. Sterling lost ½ cent to $1.3075-1.3085, but rose to DM 3.8725 from DM 3.86; FFr 11.80 from FFr 11.7650; SwFr 3.19 from SwFr 3.1850; and was unchanged at Y318.50.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.7425. August average 2.7936. Exchange rate index 123.8 against 118.6 six months ago.

The D-mark lost ground to the dollar, after a steady morning's trading in Frankfurt. The dollar finished very strongly, rising to DM 2.9550 from DM 2.9410. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 2.9388 in Frankfurt, compared with DM 2.9480 previously. Rumours about Sheik Yamani of Saudi Arabia gave the dollar a boost, after nervous early trading, with market attention then concentrated on Friday's U.S. retail sales and industrial production figures. Few dealers were prepared to take out new positions ahead of the data. Domestic interest rates were easier, reacting to an inflow of DM 2.3bn in temporary liquidity to the German banking system through a securities repurchase agreement, but the foreign exchanges showed no reaction. Sterling continued to recover, and was fixed at DM 3.8660, compared with DM 3.8550 on Tuesday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.0005	+0.38	+0.71	±1.5425
Danish Krone	8.12857	8.07335	−0.68	−0.35	±1.6421
German D-mark	2.23840	2.22920	−0.41	−0.08	±1.1455
French Franc	6.86402	6.79552	−1.00	−0.67	±1.3654
Dutch Guilder	2.52208	2.50377	−0.73	−0.40	±1.5162
Irish Punt	0.724578	0.716271	−1.15	−0.82	±1.6673
Italian Lira	1520.60	1481.21	−2.59	−2.57	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	Sept 11	Previous
8.30 am	80.2	79.6
9.00 am	80.1	79.5
10.00 am	80.2	79.6
11.00 am	80.4	79.9
Noon	80.4	79.9
1.00 pm	80.4	80.0
2.00 pm	80.1	80.0
3.00 pm	79.8	80.2
4.00 pm	79.9	80.0

£ IN NEW YORK

	Sept. 11	Prev. close
£ Spot	$ 1.3065-1.3080	$ 1.3080-1.3090
1 month	0.38-0.36pm	0.41-0.40 pm
3 months	1.01-0.97pm	1.05-1.02 pm
12 months	2.60-2.50pm	2.78-2.68 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3000-1.3230	1.3075-1.3085	0.40-0.37c pm	3.53	1.03-0.98pm	3.07
Canada	1.7872-1.8097	1.7925-1.7975	0.01c pm-par	0.03	0.02pm-par	0.02
Nethlnd.	4.31½-4.36¾	4.34¾-4.35¾	2⅛-2c pm	5.87	6⅛-5⅞pm	5.46
Belgium	77.58-78.36	78.00-78.10	22-15c pm	2.84	48-35pm	2.13
Denmark	13.97½-14.03¾	14.02-14.03	4⅛-2⅞ore pm	2.99	11-8½pm	2.92
Ireland	1.2392-1.2469	1.2415-1.2425	0.27-0.11p pm	1.84	0.57-0.28pm	1.37
W. Ger.	3.85¼-3.88¾	3.86¾-3.87¾	2½-2¼pf pm	7.36	6⅞-6½pm	0.84
Portugal	228¾-232¼	229-231	60-380c dis	−11.74	400-1385d	−15.52
Spain	226⅞-228½	227½-228	par-60c dis	−1.32	50-160dis	−1.84
Italy	2,551½-2,582¾	2,573-2,574	1-5lire dis	−1.63	7-13dis	−1.55
Norway	11.23-11.28½	11.24½-11.25½	¼-1ore dis	−0.60	2¼-3¼dis	−0.98
France	11.71¾-11.83¾	11.79½-11.80½	2⅛-1⅞c pm	2.10	5-3½pm	1.46
Sweden	11.28-11.35	11.30-11.31	3½-4½ore dis	−4.11	9⅝-10½dis	−3.60
Japan	316½-320¾	318-319	1.47-1.37y pm	5.35	4.05-3.90pm	4.99
Austria	27.05-27.23	27.13-27.20	15⅛-14⅛gro pm	6.68	42-38pm	5.89
Switz.	3.17-3.20¼	3.18½-3.19½	2⅛-1⅞c pm	7.52	5½-5⅛pm	6.74

Belgian rate is for convertible francs. Financial franc 78.60-78.75. Six-month forward dollar 1.72-1.67c pm. 12-month 2.75-2.80c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3000-1.3230	1.3075-1.3085	0.40-0.37c pm	3.53	1.03-0.98pm	3.07
Ireland†	1.0490-1.0600	1.0500-1.0510	0.20-0.10c pm	1.70	0.55-0.35pm	1.70
Canada	1.3702-1.3724	1.3709-1.3714	0.08-0.11c dis	−0.83	0.27-0.32dis	−0.86
Nethlnd.	3.2975-3.3350	3.3235-3.3245	0.68-0.65c pm	2.40	2.08-2.01 pm	2.44
Belgium	59.25-59.75	59.60-59.70	3-5c dis	−0.81	14-17dis	−1.04
Denmark	10.62⅞-10.73⅞	10.72-10.72½	par-⅜ore dis	−0.42	par-⅜dis	−0.14
W. Ger.	2.9330-2.9650	2.9605-2.9615	0.97-0.92pf pm	3.83	2.78-2.73pm	3.72
Portugal	174¾-176⅝	175½-176⅜	100-350c dis	−15.32	450-1200d	−18.72
Spain	172.75-174.10	173.40-173.70	60-80c dis	−4.49	170-250dis	−4.83
Italy	1,952-1,969	1,967-1,968	9-10lire dis	−5.80	23½-25dis	−4.94
Norway	8.54-8.63	8.59⅞-8.60¼	2¼-3¼ore dis	−4.19	8½-9dis	−4.06
France	8.94½-9.03	9.01⅞-9.02¼	1.10-1.25c dis	−1.56	3.85-4.15dis	−1.77
Sweden	8.58¾-8.66	8.64-8.64½	5⅛-5⅞ore dis	−7.63	14⅛-14⅞dis	−0.71
Japan	242.40-243.80	243.45-243.55	0.40-0.36y pm	1.87	1.21-1.16pm	1.95
Austria	20.61½-20.79¾	20.70-20.75	5½-5gro pm	3.10	16-13½pm	2.84
Switz.	2.4190-2.4430	2.4385-2.4395	0.82-0.78c pm	3.89	2.25-2.20pm	3.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 60.10-60.20.

OTHER CURRENCIES

Sept 11	£	$		£ Note Rates
Argentina Austl.	1.0416-1.0438	0.8000-0.8010	Austria	27.15-27.45
Australia Dollar	1.9325-1.9365	1.4820-1.4840	Belgium	78.55-79.35
Brazil Cruzeiro	9,537-9,590	7,325-7,360	Denmark	14.00-14.14
Finland Markka	8.1140-8.1365	6.2280-6.2300	France	11.78-11.90
Greek Drachma	182.25-186.18	138.70-141.60	Germany	3.86¼-3.89¼
Hongkong Dollar	10.1970-10.2070	7.8145-7.8195	Italy	2565-2605
Iran Rial	118.00*	90.50*	Japan	320-324
KuwaitDinar(KD)	0.4000-0.4010	0.30675-0.30685	Netherlands	4.34-4.38
LuxembourgFr.	78.00-78.10	59.60-59.70	Norway	11.24-11.35
Malaysia Ringgit	3.2755-3.2855	2.5100-2.5130	Portugal	223-238
NewZealand Dlr.	2.5340-2.5420	1.9438-1.9475	Spain	220½-229
Saudi Arab Riyal	4.7645-4.7740	3.6515-3.6520	Sweden	11.01-11.42
Singapore Dollar	2.9960-3.0060	2.2875-2.2995	Switzerland	3.18⅛-3.21⅛
Sth African Rand	3.1945-3.8180	2.4450-2.4630	United States	1.31-1.33
U.A.E. Dirham	4.7920-4.8015	3.6720-3.6730	Yugoslavia	400-450

* Selling rate.

Rand Financial Rate: 2.6845-2.7585 ($) and 3.5076-3.6040 (£).

CURRENCY MOVEMENTS

Sept. 11	Bank of England Index	Morgan Guaranty Change %
Sterling	79.8	−3.7
U.S. dollar	142.4	+28.3
Canadian dollar	86.8	−7.5
Austrian schilling	114.3	+4.8
Belgian franc	90.1	−10.8
Danish Kroner	78.3	−5.7
Deutsche mark	123.8	+7.6
Swiss franc	144.8	+10.9
Guilder	114.6	+4.8
French franc	66.5	−14.4
Lira	44.0	−10.9
Yen	157.4	+10.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Sept. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.767892	0.578671
U.S.$	7½	1.01285	0.767457
Canadian $	9.20	*	1.05847
Austria Sch.	4	20.8860	15.6568
Belgian Fr	9½	60.1480	45.0000
Danish Kr	7	10.7818	8.07335
D mark	4	2.97656	2.22920
Guilder	0	3.34544	2.50377
French Fr	9½	9.07868	6.79552
Lira	15½	1979.36	1481.21
Yen	5	246.021	185.011
Norway Kr.	8	8.67506	6.47891
Span'h Pta.	—	175.117	131.040
Swedish K.	10½	8.71203	6.52067
Swiss Fr.	4	2.45512	1.83721
Greek Dr'ch	20½	148.012	106.180
Irish Punt	10½	N/A	0.716271

* C$/SDR rate for Sept 10: 1.38693.

EXCHANGE CROSS RATES

Sept. 11	Pound St'ling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.308	3.873	318.5	11.80	3.190	4.348	2574.	1.796	78.05
U.S. Dollar	0.765	1.	2.961	243.5	9.020	2.439	3.324	1968.	1.373	59.65
Deutschemark	0.258	0.338	1.	82.25	3.047	0.824	1.123	664.6	0.464	20.15
Japanese Yen 1,000	3.140	4.107	12.16	1000.	37.05	10.02	13.65	8080.	5.636	245.1
French Franc 10	0.847	1.108	3.282	269.9	10.	2.703	3.684	2181.	1.521	66.14
Swiss Franc	0.315	0.410	1.214	99.84	3.690	1.	1.363	806.7	0.563	24.47
Dutch Guilder	0.230	0.301	0.891	73.28	2.714	0.734	1.	591.9	0.410	17.95
Italian Lira 1,000	0.389	0.508	1.505	123.6	4.585	1.240	1.689	1000.	0.697	30.33
Canadian Dollar	0.557	0.729	2.107	177.4	6.374	1.777	2.488	1434.	1.	43.48
Belgian Franc 100	1.281	1.678	4.962	408.1	15.12	4.087	5.570	3297.	2.300	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11¼-12⅜	8⅛-8¼	8-8½	5⅝-6	2¾-3	4⅝-4⅞	9½-9⅝	11-13	7½-7¾	7½-7¾	6¼-6⅜	8-8½
7 days' notice	11¼-11½	8⅛-8⅛	8⅜-8⅝	5¾-5⅞	2½-2¾	4⅜-4½	9½-9⅝	11½-14½	8½-8¾	8½-8¾	6¼-6⅜	9-9½
Month	11⅛-11⅛	8⅛-8¼	8⅝-8⅞	5¾-5⅞	4⅜-4½	4⅝-4⅞	9⅝-9¾	13¼-13¼	8¾-9	8¾-9	6⅛-6⅜	8¾-9¼
Three months	11⅞-11⅛	8¼-8⅜	8⅞-9⅛	5¾-5⅞	4½-4⅝	4½-4⅝	10-10⅛	13¼-13¼	9¼-9½	9¼-9½	6⅜-6⅝	8¾-9¼
Six months	11⅞-11⅛	8½-8⅝	8⅞-9⅛	5⅝-5⅞	4⅜-4⅝	4⅜-4⅝	10½-10¾	13-13½	9⅝-9⅞	9⅝-9⅞	6⅜-6⅝	8⅞-9⅜
One year	11⅞-11⅞	8⅞-9	8¾-10	5¾-5⅞	4⅜-4⅝	4¾-4⅞	11⅛-11½	13¾-14¼	9¾-10	9¾-10	6⅜-6⅝	9¼-9¾

Asian $ (closing rates in Singapore): Short-term 7¹³⁄₁₆-8⅛ per cent; seven days 8-8⅛ per cent; one month 8⅛-8¼ per cent; three months 8⅛-8¼ per cent; six months 8½-8⅝ per cent; one year 8⅞-9 per cent. Long-term Eurodollars: two years 9⅜-9⅞ per cent; three years 10⅛-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates show little change

Interest rates were little changed in London yesterday. Some rates had been marked down initially as sterling showed some signs of recovery but a weaker trend towards the end of the day tended to lift rates a little. Three-month interbank money finished at 11⅞-11⅝ per cent compared with 11⅞-11⅝ per cent while three-month eligible bank bills were bid at 11⅛ per cent from 11⅛-11½ per cent. Overnight interbank money opened at 10¾-11¼ per cent and touched 12 per cent before easing to 10 per cent.

The Bank of England forecast a shortage of around £100m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £195m and a rise in the note circulation a further £90m. These were partly offset by Exchequer transactions which added £125m and banks' balances brought forward £70m above target.

There was no intervention by the Bank during the morning and in the afternoon it bought a token £1m of eligible bank bills in band 3 (34-63 days) at 11⅛ per cent.

In Frankfurt call money eased to 4.5 per cent from 4.55 per cent as banks took delivery of the latest Bundesbank repurchase facility. Totalling DM 6.6bn, the latest facility more than compensated for a maturing agreement of DM 4.3bn and rates eased accordingly. However banks are faced with heavy tax payments around the middle of the month and the latest injection of liquidity was seen as an attempt to head off any rise in short term rates. In addition the authorities may wish to stabilise rates in the face of a sharply rising dollar. The Bundesbank has successfully steered the market to allow a reduction in discount and Lombard rates last month. The Bundesbank central council meets for its regular fortnightly meeting today although little change in policy is expected.

In Amsterdam the Dutch central bank released details of its latest temporary credit facility with Fl 4.5bn being made available over the two weeks starting from September 12. The rate as previously announced will be 5.75 per cent.

UK clearing banks base lending rate 11½ per cent since July 30

MONEY RATES

Sept. 11	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.45-4.55	9⅛	1⅝-1⅞	5¾-5⅞	5.15625	14⅛-14⅛	5.18	—
One Month	4.0-4.7	9⅝-9¾	4⅞-4⅞	5¾-5⅞	6.46875	13⅝-14	8⅞-9⅛	9⅝-9⅞
Two Months	4.6-4.7	9⅝-9¾	—	—	—	—	—	9¾-10
Three Months	4.6-4.7	9⅛-9⅛	4⅞-4⅞	5⅞-5⅞	6.40625	13¾-14⅛	9¼-9½	9⅞-10⅛
Six Months	4.60-4.78	9⅛-9⅛	—	5⅞-5⅞	—	—	9½-9¾	10-10¼
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	9⅛	—	—	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Sept. 11 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-12	10¼-10¾	10¾-11½	10-11½	—	—	—	—	—
2 days notice	—	—	11⅛-11½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11½	11⅛-11½	11⅜-11½	11½-11⅝	—	—	—	—	—
One month	11⅝-11½	11½-11⅝	11½	11¾	11⅝	11⅛	11⅛	11⅛	11⅛	11⅞
Two months	11⅝-11½	11½-11⅝	11½	11¾	11¼	11¼	11⅛	11⅛	11⅛	11⅞
Three months	11⅞-11⅝	11½-11⅝	11½	11¾	11½	11⅛	11	11⅛	11⅛	11⅞
Six months	11⅞-11⅞	11⅞-11⅝	11⅞	—	—	—	—	10⅞	11⅛-11⅛	11⅞
Nine months	11½-11	11¼-11½	11⅝	—	—	—	—	—	—	—
One year	11⅞-10⅞	11⅞-11⅞	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11½	8.0-8.1	7⅞-7⅞	8⅞-8⅞
Two months	12⅛-11⅞	—	11½	8.0-8.1	7¾-8	8⅞-8⅞
Three months	12-11¾	—	11⅞	8.05-8.15	7⅞-8⅛	8⅞-8⅞
Six months	11⅞-11⅝	—	11⅞	8.3-8.4	8-8¼	8¾-8⅞
Nine months	11¾-11½	—	11⅞	8.55-8.65	—	—
One year	11½-11¼	—	11⅝	8.75-8.85	8⅞-8⅞	8⅞-8⅞
Two years	—	11	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Finance IV: Average rate of interest period August 7 to September 3 (inclusive): 11.374 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1, 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.0460 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 9. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	9¼
Fed funds	8¼
Fed funds at intervention	8⅛

Treasury Bills

One month	6.94
Two month	7.19
Three month	7.40
Six month	7.82
One year	8.21

Treasury Bonds

Two year	0.14
Three year	0.53
Four year	9.83
Five year	10.03
Seven year	10.42
10 year	10.42
30 year	10.77

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 11)

3 months U.S. dollars	
bid 8 1/4	offer 8 3/8

6 months U.S. dollars	
bid 8 1/2	offer 8 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Confused trading

Trading was rather confused in the London International Financial Futures Exchange yesterday. There was little incentive to push values outside recent trading ranges ahead of several important U.S. economic statistics due for release tomorrow. Meanwhile the market appeared to be fairly evenly divided into the bears, encouraged by recent signs of an upturn in U.S. economic growth and the bulls, believing that recent data failed to lack sufficient credence.

Against this background prices traded quietly in a narrow range with the situation clouded still further by seemingly contradictory statements issued by U.S. officials on the pace of U.S. economic growth. During the afternoon dollar-based instruments had support levels tested but these held as the market was obviously lacking sufficient impetus ahead of Friday's figures. The latter include U.S. retail sales, industrial production and producer prices.

Sterling-based instruments received a small boost as cash prices fell in response to sterling's initial strength but came back later as sterling fell from the day's highs.

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-18	75-24	75-14	75-20
Dec	74-08	74-16	74-05	74-12
March	73-07	73-19	73-05	73-10
June	72-07	72-13	72-06	72-11
Sept	71-10	71-12	71-10	71-14
Dec	—	—	—	70-18
March	69-24	69-28	69-24	69-27
June	—	—	—	69-05
Sept	—	—	—	—
Dec	—	—	—	67-31
March	—	—	—	67-14

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.84	92.87	92.84	92.86
Dec	92.48	92.48	92.42	92.48
March	92.13	92.13	92.11	92.14
June	91.70	91.91	91.78	91.81
Sept	91.50	91.51	91.48	91.44
Dec	91.21	91.22	91.19	91.15
March	—	—	—	90.88
June	—	—	—	90.70

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	91.96	91.96	91.96	91.99
Dec	91.54	91.57	91.53	91.59
March	91.10	91.18	91.15	91.20
June	—	—	—	90.83

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	91.61	91.64	91.60	91.64
Dec	91.19	91.25	91.18	91.26
March	90.82	90.88	90.81	90.88
June	90.46	90.50	90.44	90.51
Sept	90.13	90.16	90.11	90.17
Dec	89.79	89.85	89.79	89.84
March	89.51	89.53	89.48	89.52
June	89.22	89.23	89.19	89.23

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.3050	1.3135	1.2965	1.3100
Dec	1.2960	1.3035	1.2885	1.2986
March	1.2880	1.2960	1.2800	1.2915
June	1.2820	—	1.2820	1.2870
Sept	—	—	—	1.2805

GNMA (CBT)
0% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-14	75-18	75-14	75-18
Dec	74-19	74-26	74-17	74-26
March	—	—	—	74-00
June	—	—	—	73-10
Sept	72-15	72-15	72-15	72-23

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	90.09	90.17	90.11	90.17
Dec	91.19	91.29	91.18	91.28
March	90.82	90.93	90.82	90.90
June	90.45	90.55	90.48	90.53
Sept	—	—	—	90.17
Dec	89.75	—	—	89.83

Estimated volume 5,270 (4,021)
Previous day's open int 16,493 (15,907)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	89.23	89.30	89.25	89.31
Dec	90.87	89.96	88.83	89.80
March	89.17	89.25	89.16	89.08
June	89.17	89.26	89.18	89.07
Sept	89.12	89.15	89.10	89.12
Dec	89.22	—	—	89.11

Estimated volume 2,002 (2,249)
Previous day's open int 5,748 (5,794)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	110-30	111-05	111-00	110-25
Dec	110-28	111-08	110-24	110-23
March	111-12	—	—	111-07

Estimated volume 2,276 (3,142)
Previous day's open int 3,477 (3,390)
Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) −0 to +2 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	129.60	131.19	129.30	130.20
March	128.90	—	—	129.55

Estimated volume 184 (135)
Previous day's open int 3,396 (2,637)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3411	0.3443	0.3409	0.3440
March	0.3445	0.3473	0.3473	0.3473

Estimated volume 87 (71)
Previous day's open int 412 (391)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4140	0.4172	0.4166	0.4172
March	0.4182	0.4208	0.4208	0.4211

Estimated volume 32 (48)
Previous day's open int 244 (244)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4128	0.4142	0.4137	0.4144
March	0.4153	0.4162	0.4162	0.4168

Estimated volume 86 (39)
Previous day's open int 238 (238)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	130.50	130.65	129.75	130.90
Dec	131.15	131.25	130.40	131.55

Estimated volume 331 (428)
Previous day's open int 1,681 (1,685)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	75-10	75-23	75-19	75-24
Dec	74-02	74-18	73-31	74-17
March	73-02	—	—	73-17

Estimated volume 1,864 (2,098)
Previous day's open int 2,415 (2,266)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Dec	97-28	97-36	97-23	91-10
March	97-43	—	—	97-38

Estimated volume 1,452 (1,581)
Previous day's open int 466 (—)

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £
Nervousness over dollars ultimate direction continues.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
653	111	10788	9123

Eurodollar Future—points of 100%
Lack of volume due to U.S. data being awaited on Friday.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
33	2	581	481

For full details of settlement prices call:
Louisa Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

London Clearing Banks' balances

as at August 21 1985

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
Sterling deposits:				
UK monetary sector	20,133		+ 356	
UK private sector	64,553		+ 954	
UK public sector	1,708		+ 287	
Overseas residents	11,537		+ 214	
Certificates of deposit	6,155		+ 188	
		104,086		+1,999
of which: Sight		39,515		+ 699
Time (inc. CD's)		64,572		+1,300
Foreign currency deposits:				
UK monetary sector	14,568		+ 811	
Other UK residents	4,550		+ 195	
Overseas residents	39,427		+ 73	
Certificates of deposit	5,666		+ 307	
		64,211		+1,387
Total deposits		168,297		+3,387
Other liabilities*		24,927		− 10
TOTAL LIABILITIES		193,224		+3,377
ASSETS				
Sterling				
Cash and balances with Bank of England		1,560		− 85
Market loans:				
Discount houses	2,853		+ 49	
Other UK monetary sector	19,022		+ 917	
UK monetary sector CD's	2,961		+ 254	
Local authorities	673		− 26	
Other	1,938		− 47	
		27,448		+1,147
Bills:				
Treasury bills	148		− 60	
Other bills	2,311		+ 361	
		2,459		+ 301
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,523		+ 182	
Other	2,961		+ 177	
		5,484		+ 359
Advances:				
UK private sector	69,726		− 82	
UK public sector	363		+ 9	
Overseas residents	2,609		− 52	
		72,698		− 125
Other sterling assets*		10,904		+ 165
Foreign currencies				
Market loans:				
UK monetary sector	16,674		+ 812	
Certificates of deposit	615		− 106	
Other	28,039		+1,065	
		45,328		+1,772
Bills		339		+ 83
Advances:				
UK private sector	5,313		− 366	
UK public sector	950		− 18	
Overseas residents	14,957		+ 126	
		21,220		− 223
Other foreign currency assets*		5,784		− 18
TOTAL ASSETS		193,224		+3,377
Acceptances		3,905		+ 183
Eligible liabilities		76,403		+ 889

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	168,297	+3,387	41,890	+1,146	34,160	+1,120	30,498	+ 83	56,808	+1,047	4,941	− 10
ASSETS												
Cash and balances with Bank of England	1,560	− 85	483	− 16	243	− 86	296	+ 19	474	− 8	64	+ 6
Market loans:												
UK monetary sector	38,550	+1,778	7,470	+ 679	7,655	+792	3,708	−227	18,707	+510	1,009	+ 25
Other	34,226	+1,141	8,669	+ 75	7,342	+ 9	6,837	+526	10,371	+476	1,006	+ 56
Bills	2,798	+ 384	884	+ 36	908	+215	380	− 23	607	+148	19	+ 8
British Government stocks	2,523	+ 182	579	+ 30	700	− 6	611	+ 97	562	+ 70	72	− 9
Advances	93,918	− 348	25,868	− 145	18,331	+ 21	18,096	− 86	28,710	− 30	2,914	−108

TABLE 3. INDIVIDUAL GROUPS OF BANKS ELIGIBLE LIABILITIES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
ELIGIBLE LIABILITIES	76,403	+ 889	21,686	+ 136	15,654	+197	13,502	+314	23,125	+235	2,436	+ 8

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99	Exch. 12¼pc 1985	100	.....	12.25	11.60
101	99	Exch. 11½pc '86	100	+	11.74	11.44
99	97	Treas. 10pcCnv 1986	99	+	[illegible]	11.29
95⅞	92¼	Treas 3pc 1986	95	.....	[illegible]	9.33
100	97½	Exch. 10½pc Cv '86	99	+	[illegible]	11.26
101⅞	99¼	Treas 12pc 1986	100	+	[illegible]	11.25
98	94¾	Treas 8¾pc 1984-86‡‡	98	–	[illegible]	10.86
105	102	Exch. 14pc 1986	102	.....	[illegible]	11.78
94	87¼	Exch 2½pc 1986	94¼	.....	[illegible]	7.61
104	101½	Exch. 13¼pc 1987	102	+	[illegible]	10.88
99	96	Treas 10¼pcCv '87	99	.....	[illegible]	10.75
92	85½	Exch 2½pc 1987	92¼	–	[illegible]	7.76
100	96¾	Exch 10½pc 1987	99	+	10.[illegible]	10.81
94½	89	Funding 6½pc '85-87‡‡	94	–	[illegible]	10.57
99	95½	Treas. 10pc 1987	98	+	10.1[illegible]	10.84
91	84¾	Treas 3pc 1987	90	.....	3.30	8.46
102	99	Treas. 12pc 1987	101	+	11.78	10.93
95	90	Treas 7¾pc 1985-88‡‡	94	.....	8.18	10.26
99	95	Exch 10½pc '88	99	+	10.59	10.84
97	93	Treas 9½pc Cv '88	97	+	10.03	10.93

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

Tins

1985 High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's
290	212	Ayer Hitam $M1	250	.....	q040c	1.0	16.4
250	168	Geevor	160	.....	12.0	♦	10.2
175	90	Gopeng Berhad M$0.50	100xd	.....	g$0.16	♦	3.7
650	650	Hongkong	650¢	.....	—	—	—
27	11	Jantar 12½p	21	.....	2.5	♦	17.0
55	34	Malaysia Mng. 10c	35	.....	v06c	♦	5.0
38	17	♥Pahang	17¢	.....	B—	—	—
650	200	Pengkalen 10p	250	.....	—	—	—
275	165	Petaling $M1	170	.....	v060c	♦	10.3
275	185	Sungei Besi $M1	190	.....	v043c	—	6.6
285	175	Tanjong 15p	175	.....	g3.5	—	2.9
250	90	♥Tongkah H. Tin $M1	110	.....	v023c	1.2	6.4
305	190	Tronoh $M1	[illegible]	.....	tv064c	1.1	9.1

Miscellaneous

1985 High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Dominion	30	.....	—	—	—
		For Anglo Utd Dev see Recent Equities					
350	117	♥Centennial Min'ls.	190	.....	—	—	—
120	60	♥Colby Res Corp.	65	.....	—	—	—
550	287	Cons. Murch. 10c	325	.....	g086½c	3.9	8.0
40	24	‡Esmex Int. 1r10p	28	.....	—	—	—
215	115	Hampton Areas 10p	140	.....	3.75	0.9	3.6
260	135	♥Highwood Res.	195	.....	—	—	—
£22½	£17½	Homestake Mining $1	£18⅞	.....	020c	—	7.6
310	190	♥McFinley Red Lake	220	.....	—	—	—
335	195	♥Mosto Explorations	300	+15	—	—	—
55	23	♥New Sabina Res C$1	40	.....	—	—	—
375	245	Northgate C$1	278	.....	—	—	—
685	533	RTZ	590	.....	20.0	2.7	4.0
£145½	£116½	Do. 9½pcLn '95-2000	£129	-1½	Q9½%	14.0	17.4
£14¼	£10	♥Tara Expln $1	£10⅜	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- † Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♥ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total ex date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p	99	.....
Craig & Rose £1	700	.....
Finlay Pkg. 5p	65	.....
Higsons Brew	235	.....
Holt (Jos) 25p	720	.....
IoM Stm. £1	98	.....
IRISH		
Fund 11¼% 1988	£101¼	-¼
Nat. 9¾% 84/89	£97¼	.....
Fin. 13% 97/02	£107½d	.....
Arnott	290	.....
CPI Hldgs	61xd	.....
Carrol Inds.	139	-4
Dublin Gas	75	.....
Hall (R. & H.)	60	.....
Heiton Hldgs.	23	.....
Irish Ropes	46	.....
Jacob (W. & R.)	83	+2½
Unidare	104	-2

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LONDON STOCK EXCHANGE

MARKET REPORT

Equity sectors rally from mid-morning weakness but Bats retreat following results

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
July 29	Aug 6	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

A resurgence of takeover speculation was partly responsible for rescuing equities from another overall setback yesterday.

Earlier in the day, market sentiment had been distinctly unsettled by the announcement of acutely disappointing interim figures from Bats which fell away to close at the day's low with a loss of 45 at 278p. Other blue chip industrials followed in the wake of Bats with the slide gathering momentum later following a sudden setback in Oil shares. This was prompted by vague rumours, subsequently denied, that Sheik Yamani had died.

However, the reaction which mainly reflected a defensive mark down by jobbers, proved to be relatively short-lived as renewed speculative activity in recent favourites such as Distillers and Allied-Lyons helped towards a revival. Satisfactory interim figures from BTR and the absence of the widely rumoured rights issue also contributed to the recovery movement.

Reflecting the sudden deterioration in sentiment during the morning session, the Financial Times Ordinary share index extended a fall of 0.8 at the 11.00 am calculation to one of 7.2 an hour later. This was subsequently reduced to a loss of only 0.2 by the close at 1,006.6.

Elsewhere, a steady stream of company trading statements helped enliven interest in an otherwise quiet trading session.

Government securities, in contrast, staged a small revival. The recovery was partly technical, but helped by a steadier trend in sterling, buyers appeared to shrug aside the current uncertainty about interest rates prompted by the money supply statistics. Demand was only light, but was soon reflected in rises which ranged to around ¼ throughout the list.

Discount Houses down

Fears that interest rates may remain at their current high levels for some time yet prompted dullness in Discount Houses. Union fell 15 to 545p and Cater Allen dropped 20 to 485p, while Gerrard and National relinquished 13 at 305p. King and Shaxson softened 6 to 146p and Clive gave up 3 to 36p as did Smith St Aubyn to 35p.

Dull conditions prevailed in Insurances. Willis Faber lost 5 more to 695p on further consideration of the disappointing interim results. Sedgwick receded 5 to 393p in front of today's half-year figures, while falls of 6 and 15 respectively were seen in Hogg, 278p, and Stewart Wrightson, 640p. Casualties among Composites included Sun Alliance, 10 off at 450p and General Accident, 7 down at 613p, both of which announced sharp increases in car premium rates from October 1 on Monday. In Life issues, Prudential lost 7 to 663p following sporadic nervous offerings ahead of today's interim results.

The drinks sector remained exceptionally volatile. Dull from the outset reflecting occasional offerings from short-term speculators, prices staged a smart rally around midday. Enthusiasm petered out after the house close, the leaders still finished a few pence firmer for choice. Distillers remained to the fore and traded between 393p and 380p before settling 2 up on balance at 390p. Allied-Lyons, down to 270p at one stage, finished a net 3 dearer at 280p, while Scottish and Newcastle recovered from the day's low of 173p to display a net advance of 7 at 181p, after 186p. Regionals remained friendless with Vaux 10 off at 355p and Wolverhampton and Dudley 6 cheaper for a two-day decline of 14 at 376p.

The immediate response of jobbers to Costain's interim results—which were in excess of market forecasts—was to lift the shares from 436p to 444p; however, the emergence of profit-taking and a sharp setback in other leading equities saw the quotation retreat to 434p before a late rally left the shares a net 2 higher at 438p. Better-than-expected half-year figures prompted strong support for Blockleys which advanced 35 to a year's best of 910p.

Down to 675p in mid-morning, ICI subsequently rallied to close unchanged on balance at 682p but Laporte, due to report interim results a week today, settled 5 cheaper at 318p, after 315p. Anchor rose 6 more to 203p on further consideration of the remaining 50 per cent of Pacific Anchor Chemical Corporation from America's Kay Corporation.

Lack of investment interest made for a subdued session in leading Retailers. Prices eased gently before rallying partially after-hours. Habitat Mothercare, down to 444p earlier, closed only 4 lower on balance at 450p, while Woolworth, dull of late following the aborted share placing, eased 5 more to 460p, after 457p. Marks and Spencer, initially dull at 145p, rallied to finish a net penny higher at 148p reflecting a lively traded options business. Second-line Stores were narrowly irregular. Renewed speculative demand aided Dunhill, 7 up at 360p, while a Press mention lifted USM-quoted Castle (GB) a couple of pence to 19p. Warehouse spurted 35 to 380p in an extremely thin market, but further profit-taking after the interim results left William Bedford another 17 lower at 148p.

FINANCIAL TIMES STOCK INDICES

	Sept. 11	Sept. 10	Sept. 9	Sept. 6	Sept. 5	Sept. 4	year ago
Government Secs	82.79	82.72	82.89	83.25	83.60	83.60	80.13
Fixed Interest	86.13	88.15	88.25	88.40	88.46	88.44	83.21
Ordinary ●	1006.6	1006.8	1020.5	1020.8	1003.5	1006.4	857.6
Gold Mines	309.5	304.1	312.9	314.2	309.5	289.9	621.4
Ord. Div. Yield	4.70	4.69	4.63	4.63	4.69	4.68	4.85
Earnings, Yld. % (full)	11.63	11.62	11.36	11.36	11.55	11.50	11.60
P/E Ratio (net) (*)	10.74	10.75	10.90	10.91	10.72	10.77	10.36
Total bargains (Est.)	21,310	22,430	22,306	22,661	22,956	22,163	16,181
Equity turnover £m.	—	408.95	386.46	464.99	475.30	382.10	16,558
Equity bargains	—	19,475	20,606	20,177	20,002	20,533	13,973
Shares traded (ml)	—	202.3	127.3	225.3	257.9	120.4	162.1

● 10 am 1006.3. 11 am 1006.0. Noon 999.6. 1 pm 1000.2. 2 pm 1001.6. 3 pm 1006.0. 4 pm 1007.3.

Day's High 1007.5. Day's Low 998.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activities 1974.

Latest Index 01-246 8026.

* Nil=10.35.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.81 (23/8)	82.17 (22/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.6 (22/1)	211.0 (25/7)	1024.3 (22/1/85)	49.4 (26/6/40)
Gold Mines	333.9 (15/4)	280.1 (28/8)	734.7 (15/2/83)	43.3 (26/10/71)

S.E. ACTIVITY INDICES

	Sept. 10	Sept. 9
Daily Gilt Edged Bargains	131.5	141.0
Equities Bargains	186.2	183.5
Equities Value	826.6	772.1
5 day Average Gilt Edged Bargains	129.0	127.5
Equities Bargains	150.8	134.9
Equities Value	855.7	849.2

Apricot weak

Sentiment in the beleaguered secondary Electrical sector took a further hard knock yesterday when Apricot Computers plummeted 20 to a 1985 low of 75p on the Board's warning that current year first-half profits will be considerably less than the record £3.8m achieved last year. This came hard on the heels of similar profits warnings from Memcom and CASE and prompted sympathetic declines in other high-technology issues. Wordplex declined 17 to 100p and Micro Focus gave up 10 to 160p, while AB Electronics cheapened 12 to 248p. The leaders displayed no set trend after a moderate business.

Molins provided an outstanding feature in Engineerings; the shares were marked up sharply to 188p on the announcement of a possible consortium offer, but quickly dropped to close at 166p, up 14 on balance as it was made clear that the offer price would not be more than 170p per share. Elsewhere, Porter Chadburn reflected hopes of a bid from G. M. Firth with a fresh rise of 8 to 230p, while Meggitt revived with a speculative gain of 5 at 96p. Aurora advanced 3 to 36p in response to the impressive interim profits, while Westland firmed 3 more to 68p on hopes of a £65m Indian helicopter contract. ML Holdings, on the other hand, fell 11 more making a two-day relapse of 24 to 299p on the proposed £4m rights issue. Blackwood Hodge softened a couple of pence more to 32p following further consideration of the disappointing first-half results and Desoutter relinquished 5 to 195p ahead of today's interim statement.

Foods gave ground in quiet trading. Small losses were recorded by Tesco, 257p, and J. Sainsbury, 338p, while Argyll encountered scattered profit-taking to finish 12 off at 313p. Nurdin and Peacock shed 8 to 152p after revealing interim profits at the lower end of expectations.

BTR pleases

Interest in the miscellaneous industrial sector was largely confined to companies reporting trading statements. Reflecting relief that the interim results were not accompanied by the widely-rumoured rights issue, BTR jumped 13 to 356p. Reckitt and Colman rose 7 to 512p on the slightly better-than-expected first-half figures, but Associated British Ports closed 4 down at 308p, after 296p, despite reporting interim figures which dealers described as "highly satisfactory." Bowater, meanwhile, slumped to 325p at one stage on the disappointing half-year results, but rallied on consideration of Hanson Trust's 8 per cent stake in the company and closed only 7 easier on balance at 343p. The absence of U.S. bid development left Christies International 10 lower at 250p. Hestair gained 6 to 93p, after 87p, following comment on the profits recovery.

Among Leisure counters, Barr and Wallace Arnold Trust, due to announce first-half figures next Tuesday, met profit-taking and dipped to 137p before rallying slightly to 144p for a net loss of 8; the "A" shares finished 3 off at 120p, after 13p. Buyers showed sporadic enthusiasm for Riley Leisure, finally 6 higher at 46p; the preliminary figures are expected early next month.

Publishers showed Haynes 40 lower at 335p following disappointing preliminary figures. Trinity International, due to announce full-year figures next Thursday, closed 13 down at 255p.

Properties gave ground for want of support. MEPC fell 6 to 290p as did Great Portland to 148p, while Land Securities relinquished 4 at 290p. Hammerson "A" declined 10 to 440p following news of its acquisition of a portfolio of French properties from the ICI Pension Funds for £31m.

Textiles were rarely altered with the notable exception of Sirdar which disappointed followers by announcing full-year profits below recently revised estimates and slumped to 115p before settling 13 off on balance at 119p.

Financials lost ground. Exco International, the subject of a newsletter "sell" recommendation, dipped 6 to 197p, while Mills and Allen gave up 15 to 350p.

Oils down again

A weak market in recent days on news that Saudi Arabia is offering cut-price oil to four U.S. oil groups as well as Japan's Mitsubishi, leading oils opened on a reasonably steady note. However, a mid-morning rumour, said to have emanated from the LIFFE market, that Sheikh Yamani had died was immediately followed by a bout of heavy selling pressure which produced double-figure losses among the oil majors. The flurry of selling subsequently petered out and share prices rallied around midday on the appearance of cheap buyers. Thereafter, price changes were minimal despite another scare, which did the rounds of financial markets in mid-afternoon, of a military coup in Saudi Arabia. At the close, BP showed a 9 decline at 546p, after 543p, while Shell, reporting interim results today, were 5 off at 703p, after 698p. Similar falls were recorded by Tricentrol, 190p, after 188p, and Ultramar, 200p, after 198p. Britoil dipped to 210p prior to settling a couple of pence easier at 213p; the new were finally quoted at 131p, after 128p.

Secondary oils showed Berkeley Exploration 8 weaker at 90p and Jackson Exploration 5 off at 30p, but Australia's Strata Oil extended their recent good performance and rose a further 3 to 16p; a week ago Strata were changing hands around 8p a share.

Golds rally

News that President Botha is prepared to make concessions over dual citizenship in South Africa was greeted by a general advance in South African mining markets. The news from South Africa and another relatively firm showing by the bullion price was followed by widespread buying of Golds and related issues which improved for much of the session before easing off their best levels towards the close of trading.

Demand for Golds came from most international centres and ensuing gains were sometimes exaggerated by stock shortages. This was especially evident in the Anglo American group's OFS mines where President Steyn jumped a point to £16¾. Free State Geduld and Western Holdings added ½ apiece at £15¼ and £18¾ respectively, while President Brand moved ahead to close ½ firmer at £14¼. Among the cheaper priced issues good performances were forthcoming from Welkom, 16 better at 454p, Western Areas, 14 to the good at 178p and Hartebeest, which rose 11 to 278p.

In South African Financials Anglo American Corporation put on 10 to 860p and De Beers edged up 5 to 325p, but Gencor remained under pressure ahead of the interim results expected today and dropped 30 more to a year's low of 650p.

Consolidated Gold Fields mirrored the improvement in sentiment in South Africans and rallied 7 to 420p; preliminary results are scheduled for next Tuesday.

In Australians MRA were a vulnerable market and dipped 8 to 278p. Among the speculatives Gem Exploration continued to attract attention and moved up 4 more to 76p, a two-day gain of 12.

Business in Traded Options improved sharply with 10,417 contracts struck. Not surprisingly, attention was mainly centred on Bats which were particularly active following the poor interim figures with 1,418 calls and 879 puts done. Marks and Spencer also attracted a lively evenly-balanced business and attracted 198 calls and 365 puts.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30
Oct 7	Oct 18	Jan 2	Jan 13

For rate indications see end of Share Information Service

Money was given for the call of Distillers, United Biscuits, Vosper, Hampton Trust, Westland, Pavion, Riley Leisure, 600 Group, Falcon Resources, James Finlay, STC, Lister, GEC, Klark-Teknik and Haoma Gold. Puts were done in Bestwood and Control Securities. No doubles were reported.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Sept 11 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues Sept 10 Index No.	Mon Sept 9 Index No.	Fri Sept 6 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (206)	518.93	—	10.94	4.29	11.50	11.17	518.94	522.12	523.50	512.50
2 Building Materials (22)	542.71	-0.7	12.10	4.88	10.27	13.84	546.57	549.91	549.68	467.96
3 Contracting, Construction (29)	823.71	-0.1	12.15	5.03	10.52	18.82	824.53	833.29	834.70	666.38
4 Electricals (14)	1444.87	-0.2	10.70	5.12	11.96	35.52	1448.24	1446.81	1444.01	1545.62
5 Electronics (38)	1321.36	-0.7	11.51	3.41	11.47	29.85	1330.64	1340.41	1340.74	1832.80
6 Mechanical Engineering (62)	297.96	-0.3	11.13	4.74	10.91	6.48	298.77	301.27	300.54	255.83
8 Metals and Metal Forming (7)	207.63	+1.1	12.63	7.67	9.84	4.13	205.46	205.84	205.53	189.77
9 Motors (16)	173.40	-0.3	12.75	4.88	9.70	3.55	173.88	173.63	173.69	127.77
10 Other Industrial Materials (18)	941.58	+2.1	7.48	3.59	16.34	15.81	922.19	926.38	933.43	688.15
21 CONSUMER GROUP (176)	687.62	-1.4	9.31	3.80	13.42	12.56	697.45	707.24	707.40	524.70
22 Brewers and Distillers (23)	715.72	-0.1	9.65	4.04	13.08	13.83	716.32	728.97	735.45	505.70
25 Food Manufacturing (21)	499.77	-0.6	11.89	4.88	10.84	13.12	502.55	505.82	503.35	405.26
26 Food Retailing (14)	1610.67	-0.9	6.04	2.59	22.35	18.64	1624.49	1629.93	1629.30	1247.44
27 Health and Household Products (9)	1080.57	-0.8	6.26	2.75	18.75	11.95	1089.41	1102.18	1098.14	901.29
29 Leisure (22)	603.92	-0.4	8.27	4.04	15.02	21.26	606.34	606.38	605.97	573.06
32 Newspapers, Publishing (12)	1891.54	-0.4	7.66	4.03	16.78	37.91	1898.84	1904.80	1908.13	1308.56
33 Packaging and Paper (14)	368.64	-0.4	9.73	4.05	12.24	6.34	370.25	377.13	376.91	246.31
34 Stores (42)	678.43	-0.4	7.42	3.13	18.45	9.81	681.44	695.18	700.14	447.30
35 Textiles (16)	342.51	-1.2	12.75	4.80	8.89	8.08	346.76	348.58	348.57	271.47
36 Tobaccos (3)	749.06	-10.6	19.70	5.74	5.75	18.71	838.19	854.87	851.72	717.12
41 OTHER GROUPS (101)	692.00	-0.3	9.19	4.12	14.10	14.29	694.09	701.01	701.64	469.79
42 Chemicals (19)	687.27	-0.1	14.27	5.52	9.27	25.94	687.93	701.63	696.35	617.89
44 Office Equipment (4)	199.11	-1.9	8.03	4.42	14.86	3.64	202.88	202.01	202.81	146.96
45 Shipping and Transport (12)	1189.97	-1.2	7.85	4.52	15.79	26.88	1204.91	1213.79	1219.13	871.61
46 Miscellaneous (64)	847.11	-0.9	7.57	3.83	16.25	14.48	855.14	866.14	866.82	654.52
48 Telephone Networks (2)	897.95	+0.3	8.28	3.61	16.11	14.38	895.51	899.93	904.34	[illegible]
49 INDUSTRIAL GROUP (483)	651.39	-0.8	9.67	4.00	13.07	12.83	656.58	663.74	664.39	518.22
51 Oils (17)	1160.02	-1.2	16.21	7.49	7.58	51.89	1174.64	1201.73	1212.36	1102.38
59 500 SHARE INDEX (500)	694.16	-0.8	10.52	4.46	11.94	15.96	700.11	708.86	710.30	567.18
61 FINANCIAL GROUP (115)	472.44	-0.9	—	5.09	—	12.90	476.51	479.74	479.98	384.51
62 Banks (6)	472.79	-0.2	18.95	6.26	7.54	19.80	473.74	473.95	477.39	361.74
65 Insurance (Life) (9)	724.37	-1.2	—	4.51	—	15.74	733.08	741.08	745.27	529.76
66 Insurance (Composite) (7)	352.40	-1.1	—	5.59	—	8.53	356.43	359.95	359.43	272.20
67 Insurance (Brokers) (7)	1158.26	-1.0	7.20	3.46	18.58	21.02	1169.90	1200.45	1183.74	817.35
68 Merchant Banks (11)	233.08	+0.2	—	4.84	—	5.05	232.73	234.56	235.04	216.90
69 Property (50)	643.70	-1.2	5.80	3.75	23.18	18.88	651.75	651.51	650.38	595.60
70 Other Financial (25)	274.01	-1.1	10.41	6.05	11.82	9.62	277.06	279.77	278.06	249.11
71 Investment Trusts (106)	592.96	-0.4	—	3.54	—	11.27	595.49	595.74	593.65	517.19
81 Mining Finance (3)	260.08	+0.5	12.48	5.89	9.30	5.36	258.76	259.36	259.10	281.07
91 Overseas Traders (14)	595.53	-0.6	12.59	6.69	9.52	23.86	599.07	601.49	601.12	579.46
99 ALL-SHARE INDEX (738)	631.69	-0.8	—	4.55	—	14.80	636.85	643.75	644.69	520.92

	Index No.	Day's Change	Day's High	Day's Low	Sept 10	Sept 9	Sept 6	Sept 5	Sept 4	Year ago
FT-SE 100 SHARE INDEX	1302.2	-9.2	1306.9	1295.3	1311.4	1329.3	1332.2	1322.0	1326.7	1103.5

FIXED INTEREST

PRICE INDICES	Wed Sept 11	Day's change %	Tues Sept 10	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	119.14	+0.14	119.14	0.16	7.92
2 5-15 years	132.03	+0.14	131.84	—	9.34
3 Over 15 years	136.22	+0.16	136.00	—	9.73
4 Irredeemables	149.36	—	149.36	—	8.90
5 All stocks	129.95	+0.14	129.82	0.06	8.97
6 Debentures & Loans	112.23	-0.18	112.43	—	7.33
7 Preference	80.82	+0.05	80.78	—	4.85
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	111.42	+0.21	111.19	—	2.46

AVERAGE GROSS REDEMPTION YIELDS	Wed Sept 11	Tues Sept 10	Year ago (approx.)
British Government			
1 Low Coupons 5 years	10.09	10.11	11.35
2 15 years	10.30	10.33	10.65
3 25 years	10.31	10.34	10.15
4 Medium Coupons 5 years	10.95	10.99	11.87
5 15 years	10.67	10.69	11.04
6 25 years	10.28	10.30	11.38
7 High Coupons 5 years	11.05	11.07	11.89
8 15 years	10.82	10.83	11.22
9 25 years	10.44	10.46	10.49
10 Irredeemables†	9.88	9.88	10.11
11 Debs & Loans 5 years	11.59	11.56	12.46
12 15 years	11.45	11.42	12.25
13 25 years	11.31	11.29	12.04
14 Preference†	12.15	12.14	13.16
15 Inflation rate 5%	3.57	3.58	3.77
16 Inflation rate 10%	3.39	3.40	3.59

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	233	-6
Assoc. Brit. Ports	308	-4
BAT Inds	278	-45
BTR	356	+13
Barr and WAT A	120	-3
Bedford (Wm)	148	-17
Bowater Inds	343	-7
Costain	438	+2
Distillers	390	+2
Imperial Group	182	-2
Scot and Newcastle	181	+7
VG Instruments	284	-6

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Distillers	24	388	-17
Argyll Group	18	325	+13
Lucas Inds	17	373	+3
Reed Ind	15	712	-20
BP	14	555	-13
ICI	14	682	-13
Apricot Comps	13	95	-15
Automtv Prods	13	74	-3
Blackw'd Hdge	13	34	-3
Booker McCnll.	13	283	-22
Home Charm	13	334	-16
Allied-Lyons	12	277	-3

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	6	14.50	8	93	—	—	$320.50
GOLD C	$340	7	3	—	—	—	—	"
GOLD C	$330	—	—	45	7.50	—	—	"
GOLD P	$300	3	3	—	—	—	—	"
GOLD P	$320	—	—	2	14	—	—	"
GOLD P	$340	—	—	—	—	2	24	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 61,652

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. q Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ‡ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (43)

BRITISH FUNDS (2)
Treas. 2pc 1988, Treas. 2pc 1990

CANADIANS (1)
Hudson's Bay

BREWERS (3)
Clark (Matthew), Morland, Fuller Smith Turner

BUILDINGS (4)
Berkeley Group, BB & EA, Blockleys, Countryside Props.

ELECTRICALS (3)
Jones Stroud, Process Systems Inc., Oxford Instruments

ENGINEERING (6)
Aurora 9pc Cnv. Cum. Red. Pref., Molins, Brown & Tawse, Porter Chadburn, Mitchell Somers, Thyssen

FOODS (2)
Greggs, Watson & Philip

INDUSTRIALS (12)
Assoc. Heat Serv., Longton Industrial, Bestwood, Marshall (T.) (Lxly.), Elkem AS, Prestwich, Gomme Hldgs., Renown Inc., Hestair, Stat-Plus, JSD Computer, Watson (R. K.)

MOTORS (1)
Appleyard

PAPER (1)
Ferry Pickering

PROPERTY (3)
Beazer (C. H.), Lond. Shop Prop. 9pc Cnv. Uns. Ln. 1994-99, Gable House Props. 10½pc Conv. Uns. Ln. 1995-09

TRUSTS (2)
M. Throgmorton Inc., SPLIT Cap.

OILS (1)
Strata Oil

OVERSEAS TRADERS (1)
Gt. Northern Tel.

MINE (1)
Endeavour

NEW LOWS (27)

BANKS (3)
Clive Discount, Smith St. Aubyn, King & Shaxson

BUILDINGS (2)
Phoenix Timber, Turriff

CHEMICALS (1)
Scot. Agricl. Inds.

ELECTRICALS (5)
Apricot Computers, Memcom, Eurotherm Int., Scantronic, Micro Focus

ENGINEERING (1)
Belgrave

INDUSTRIALS (6)
Berisfords, Maxiprint, Eastern Produce, Nu-Swift Inds., Lond. Nthrn. Grp., Sycamore

MOTORS (1)
Solex A

PAPER (1)
Good Relations

SHOES (1)
Lambert Howarth

SOUTH AFRICANS (1)
Kirsh Trading

TEXTILES (1)
Coreh

PLANTATIONS (1)
Anglo-Indonesian

MINES (3)
Vlakfontein, Rand Mines Props., Gencor

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	4	23
Corpns. Dom. and Foreign Bonds	16	3	60
Industrials	181	434	862
Financial and Props.	58	156	339
Oils	12	39	74
Plantations	—	3	12
Mines	40	40	108
Others	31	89	117
Totals	418	773	1,595

LONDON TRADED OPTIONS

[illegible]

September 11 Total Contracts 10,417 Calls 6,721 Puts 3,696
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

Sept. 11	Price Sch%	+ or —
Creditanstalt	378	......
Goesser	622	+2
Interunfall	166.5	......
Laenderbank	558	+5
Perlmooser	692	-11
Steyr-Daimler	170	2
Veitscher Mag	570	—5

BELGIUM/LUXEMBOURG

Sept. 11	Price Frs.	+ or —
B.B.L.	2,040	+30
Banq. Gen Lux	7,200	......
Banq. Int. A. Lux	7,000	......
Bekaert B	6,450	+50
Ciment CBR	2,530	—40
Cockerill	205	—2
Delhaize	8,210	+10
EBES	3,000	—5
Electrobel	9,000	—70
Fabrique Nat	1,970	—25
GB Inno BM	4,105	—15
GBL (Brux)	1,930	—5
Gevaert	4,080	+20
Hoboken	5,690	......
Intercom	2,270	—20
Kredietbank	9,130	......
Pan Hldgs.	10,350	......
Petrofina	6,070	—30
Royale Belge	12,950	—50
Soc. Gen. Banq	3,550	—40
Soc. Gen. Belge	1,830	—35
Sofina	7,650	—70
Solvay	5,280	+10
Stanwick Intl.	1,300	......
Tractionel	4,020	—40
UCB	6,840	—10
Wagon Lits	3,540	+510

DENMARK

Sept. 11	Price Knr %	+ or —
Andelsbanken	320	......
Baltica Skand	810	—20
CopHandelsbank	289	—1
D. Sukkerfab	500	—10
Danske Bank	342	......
De Danske Luft.	1,355	......
East Asiatic	342	—1

GERMANY

Sept. 11	Price Dm.	+ or —
AEG-Telef	143.8	+1.1
Allianz Vers	1,490	—16
BASF	225	—0.4
Bayer	221.5	—1.2
Bayer-Hypo	396	+6
Bayer-Vereln	400	+1
BHF-Bank	390	—2
BMW	511	—2
Brown Boveri	257.8	—1.2
Commerzbank	211	+5.5
Cont'l. Gummi	155.5	+0.5
Daimler-Benz.	989	—8
Degussa	365.8	—3.2
D'sche Babcock.	179.9	+0.9
Deutsche Bank	592	+0.6
Dresdner Bank	289.2	+4
GHH	195.5	+0.6
Hochtief	746	—4
Hoechst	219.8	—1.8
Hoesch Werke	127.5	+1.6
Holzmann (P)	499xd	+7
Horten	195	—0.2
Hussel	373	+1
Karstadt	283	+5
Kaufhof	294.5	—1
KHD	314.5	+4.8
Kloeckner	74	—0.9
Linde	855	—9
Lufthansa	239	—2
MAN	185	—2
Mannesmann	221.9	—2.3
Mercedes Hld.	910	—2
Metallgesell	387.5	—2.6
Muench Rueck	1,950	+15
Nixdorf	572	+10
Porsche	1,424	—11
Preussag	275	—4.7
Rhein West Elect	196	......
Rosenthal	282	+1
Schering	524	+19
Siemens	578.2	+2.2
Thyssen	133.1	+1.4
Varta	250	......
Veba	237.5	—0.5
V.E.W.	149.5	+0.8
Vereln-West	342	+2
Volkswagen	347.9	+2.2

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

NETHERLANDS

FRANCE

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices September 11

MONTREAL

Closing prices September 11

Indices

NEW YORK

TORONTO	Sept 11	Sept 10	Sept 9	Sept 6	1985 High	1985 Low
Metals & Minls	1,994.5*	2,016.12	2,050.4	2,040.08	2198.7 (13/2)	1896.6 (4/1)
Composite	2,752.7*	2,768.82	2,788.7	2,791.00	2819.6 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	134.38*	136.30	135.82	135.76	139.33 (19/7)	117.08 (4/1)

* Indicates pre-close figure

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 35

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Anchor Chem	205	+ 8
Atlantic Comp	360	+15
Aurora	38	+ 3
BTR	356	+13
Blockleys	910	+35
Hestair	93	+ 6
Molins	166	+14
Porter Chad	230	+ 8
Riley Leisure	46	+ 6
Scottish & New	181	+ 7
Strata Oil	16	+ 3

FALLS

Apricot Comp	75	—20
Argyll Group	313	—12
BAT Ind	278	—45
Berkeley Ex	90	— 8
Bowater Ind	343	— 7
BP	546	— 9
Haynes Publish	335	—40
ML Holdings	299	—11
Nurd. & Peac.	152	— 8
Sirdar	119	—13
Union Discount	645	—15
Wordplex	100	—17

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24 3/8	18	AAR	.56	2.4	15	35	23 7/8	23	23	−3/4
17 3/8	9 3/4	AGS			12	77	15 3/4	15 1/4	15 1/2	
16 1/2	9 5/8	AMCA				8	11 1/8	11	11	−1/4
21 1/2	13	AMF	.25j		88	601	13 5/8	13 1/2	13 1/2	+1/8
50 3/4	25 1/4	AMR			7	2525	43 3/8	42 3/4	43	−1/8
23 5/8	18 5/8	AMR pf	2.18	9.5		145	23	23	23	
25 7/8	23	ANR pf	2.67	11.		2	23 3/4	23 3/4	23 3/4	+1/4
14 1/4	7 5/8	APL				26	8 1/4	8 1/8	8 1/8	−3/8
51 1/8	34 3/4	ASA		25.2		492	38 3/4	37 1/4	38 5/8	+1 3/8
27	12 1/2	AVX	.32	2.6	16	118	12 7/8	12 1/2	12 1/2	−1/8
28 1/8	18 1/8	AZP	2.72	11.	7	1429	24 3/4	24 1/4	24 3/8	−1/8
60	36 3/4	AbtLab	1.40	2.3	18	1198	56 1/4	55 3/4	56	−1/4
25 1/8	20	AccoWd	.50	2.3	18	74	22 5/8	22	22	−3/8
24 3/4	12 1/2	AcmeC	.40	2.9		49	14 1/4	13 3/4	13 3/4	−1/4
10 1/2	7 3/4	AcmeE	.32b	4.1	11	1	7 3/4	7 3/4	7 3/4	−1/8
19	15 1/2	AdaEx	1.92e	11.		52	17 3/8	17 3/8	17 3/8	−1/8
20	13 1/2	AdmMl	.32	1.8	7	38	17 1/8	17	17	
17 7/8	9 5/8	AdvSys	.53t	4.2	13	499	12 7/8	12 5/8	12 5/8	−1/8
40 3/8	22 1/8	AMD			13	4818	25 7/8	25 1/4	25 5/8	+1/8
12 1/8	6 7/8	Advest	.12	1.4	19	208	8 7/8	8 3/4	8 3/4	
15 7/8	9 1/2	Aeroflex			12	222	13 5/8	13 3/8	13 3/8	−1/4
48 5/8	32 3/8	AetnLf	2.64	6.2	13	1777	43 7/8	42 3/4	42 7/8	−1 1/8
57 1/2	52 3/4	AetL pf	5.79e	10.		90	55 1/4	55	55 1/4	−1/4
37 3/8	18 1/2	Ahmns	1.20	2.8	8	285	31 1/2	31	31 1/4	−1/8
3 5/8	2 1/2	Aileen				37	3	2 7/8	3	
57	42	AirPrd	1.28	2.3	12	786	52 3/8	52 1/8	52 1/4	
24 3/8	15 1/4	AirbFrt	.28	2.6	15	71	23 1/4	23 1/8	23 1/8	
2 1/8	1 1/8	AlMoa	s.10e	5.6		1011	1 7/8	1 7/8	1 7/8	
33 3/8	27 3/4	AlaP pfA	3.92	13.		25	31 1/4	30 3/4	30 3/4	−3/8
9 1/8	8 1/4	AlaP dpf	.87	11.		47	7 7/8	7 3/4	7 3/4	
82	63 1/2	AlaP pf	8	12.		z186	77	77	77	+1
108 1/4	96 3/4	AlaP pf	11	11.		z100	102 1/2	102 1/2	102 1/2	
16 1/8	11 3/4	Alagasco	1.04	7.8	18	42	14 1/8	13 3/4	13 3/4	−1/4

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
42⅞	30⅜	RochTl2.44		6.7	6	77	36⅞	36⅛	36⅛	−½
41⅜	27¾	Rockwl1.12		2.6	10	2143	40⅝	39½	40	−⅞
66	39⅝	RohmH			11	137	63⅞	62⅝	62⅝	−½
27¼	12¾	RolnCm.40		1.6	61	99	25⅝	25¼	25½	−⅛
36⅝	10⅛	RolnE s .10		.4	21	651	22⅝	22⅛	22⅝	
16¼	5¼	RolnE wi				5	11¾	11½	11¾	−¼
12⅜	8¾	Rollins .46		4.9	17	181	11⅝	11½	11⅛	−⅛
3⅞	0	Ronson				42	2¼	2	2	−⅛
19	12¾	Roper .64		5.2	14	44	12⅞	d12⅝	12⅝	−⅜
40¼	24	Rorer 1.12		2.9	19	1452	38⅞	38¼	38¼	−⅝
13	7⅝	Rowan .72		1.6	49	301	8⅝	8¼	8¼	−½
62⅞	46	RoylD 3.07e		5.2	6	2383	59⅝	58⅝	58⅞	−⅝
17	9¾	Roylnt s			17	46	14⅝	14½	14½	−½
28⅛	18¾	Rubmds				391	27⅞	27⅝	27⅝	−¼
[illegible]										
33⅞	28⅞	TolEd pf4.28		13.		1	32⅝	32¾	32¾	+½
20⅝	14½	TolEd pf2.36		13.		7	18⅝	18⅜	18⅜	+⅜
18⅞	14⅞	TolEd pf2.21		12.		11	17⅞	17¾	17¾	−¼
30	8⅝	Tonka s .10		.4	8	318	27⅞	26⅝	26¼	−⅞
53¾	26	TootRol.48b		1.0	13	0	48¼	47¼	47¼	−¾
52⅞	26⅛	Trchmk 1		2.2	12	134	46⅝	45⅞	46¼	−½
26⅞	13⅞	Trchm wi				5	23⅛	23⅜	23⅛	+¼
17⅞	10¼	ToroCo .40		2.4	11	168	16⅞	16⅝	16⅞	+¼
5	1	Tosco				591	3⅞	3⅝	3⅝	−⅛
17¼	8¼	Towle				43	9⅛	8⅞	9⅛	−⅛
10¼	5¾	Towle pf .44		7.7		4	5¾	6¾	5¾	
41¼	26¼	ToyRUs			26	2598	35½	34¼	34⅝	−1½
28¼	17½	Tracr s .32		1.8		183	20⅝	19⅞	20	−¾
[illegible]										
47⅞	27⅞	Wurlitzr				88	3¼	3¼	3¼	+¼
15⅛	10⅜	WylaLb .32		2.8	25	150	11⅝	11⅜	11⅜	
23⅝	16¼	Wyons .60		3.3	8	30	18⅞	18⅜	18⅜	−¼
X Y Z										
55½	35¼	Xerox 3		5.8	14	1455	52	51	51⅜	−⅜
55½	45½	Xerox pf5.45		10.		335	54	53½	53¾	
30¼	24⅝	ZaleCp 1.32		4.8	10	32	27⅞	27¼	27¼	+⅛
21½	7⅞	Zapata .12		1.0	34	257	7⅞	d	7½	7⅝
57⅝	31⅛	Zayre s .45		.9	18	501	52¼	21¼	21½	−1
27	17½	ZenithE			11	621	18¼	18⅝	18⅝	−⅛
21⅞	15¼	Zero s .32		1.7	18	40	19¼	18⅞	18⅞	−⅛
	22¾	Zurnin 1.32		2.9	13	275	37	36½	36⅝	+½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Downward pressures intensify

SELLING pressure mounted throughout the day on Wall Street yesterday pushing leading issues into their sharpest decline for more than a month.

Doubts about the outlook for the domestic economy and selling by professional investors before switching to stock index futures and options combined to cause the slide.

The Dow Jones *industrial* average closed down 14.01 at 1,319.44, its largest one-day setback since August 6 when it plunged 22 points. Declines led advances by a margin of four-to-one as volume contracted marginally.

In the credit markets, a federal funds rate at above 6 per cent and expectations that Friday's economic data, which will include August retail sales figures, will show further strength left prices turning sharply lower.

The Fed funds rate moved as high as 8⅛ per cent on demand at the end of a two-week bank statement period, but after the Federal Reserve added reserves through overnight repurchase agreements, the rate fell to 6 per cent.

Later in the session, the Fed again stepped into the market to purchase $300m worth of Treasury bills on behalf of a customer. At this stage, Fed funds were trading at around 7¾ per cent.

Treasury bill rates rose three to four basis points, with coupon issue prices down ⅛ to ⅝. The benchmark 10⅝ per cent Treasury bonds of 2015 dropped ⅝ to 98¾.

Certificates of deposit moved higher by around one to two basis points.

Technology stocks continued to come under selling pressure, having led the market higher during recent weeks. IBM was off $¾ at $127⅞ while General Electric fell $⅝ to $60. General Data was a heavy loser, falling $1½ to $38¾.

National Intergroup fell $1 to $27½ in response to an agreement to buyback 75 per cent of 1.8m shares owned in the company by Leucadia National at $24 a share.

American Express, which announced plans to spin off its troubled Fireman's Fund Insurance unit through a public share offering, shed $1 to 41¼.

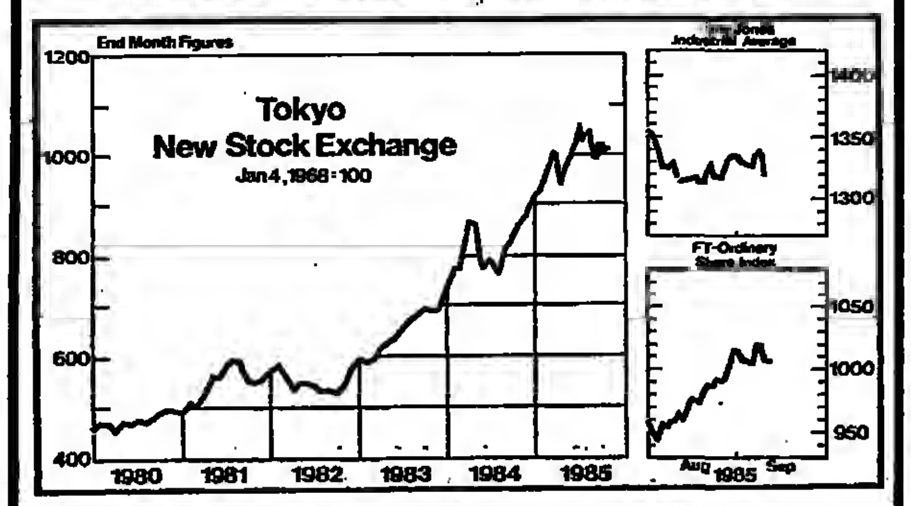
General Foods, after rising $9⅝ in the past two sessions amid takeover speculation eased $2¼ to $87¾. Philip Morris, which is rumoured to be interested in diversifying into the food business and has been linked through speculation with General Foods, was $½ lower at $79¼.

MCA traded up $1½ to $72¾ after a report that its merger talks with RCA had been aborted. RCA moved down $⅛ to $44¾.

SCM was $1⅛ down at $72. The company said that the Merrill Lynch and management leveraged buy-out offer had been raised to $74 a share for up to 10m shares. Hanson Trust, the UK suitor, which subsequently raised its bid to $72, has since withdrawn from this offer.

Richardson-Vicks, the pharmaceutical group which is fighting a $54 a share takeover bid from Unilever, the diversified Dutch foods group, fell $1⅛ to $46⅝.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,319.44	1,333.45	1,197.99
DJ Transport	669.36	679.73	510.63
DJ Utilities	155.11	155.98	128.80
S&P Composite	185.03	186.90	164.45
LONDON			
FT Ord	1,006.6	1,006.8	857.6
FT-SE 100	1,302.2	1,311.4	1,103.1
FT-A All-share	631.69	636.85	528.92
FT-A 500	694.18	700.11	567.18
FT Gold mines	309.3	304.1	521.4
FT-A Long gilt	10.44	10.46	10.48
TOKYO			
Nikkei-Dow	12,625.25	12,518.54	10,443.1
Tokyo SE	1,013.50	1,007.10	807.79
AUSTRALIA			
All Ord.	955.1	956.0	714.4
Metals & Mins.	526.1	528.9	425.6
AUSTRIA			
Credit Aktien	100.27	100.44	53.64
BELGIUM			
Belgian SE	2,423.69	2,430.63	-
CANADA			
Toronto			
Metals & Minls	1,986.38	2,016.12	1,926.0
Composite	2,753.58	2,768.82	2,345.1
Montreal			
Portfolio	134.37	135.30	115.2
DENMARK			
SE	n/a	214.52	177.14
FRANCE			
CAC Gen	220.5	226.2	172.9
Ind. Tendance	124.3	125.8	112.7
WEST GERMANY			
FAZ-Aktien	518.59	516.84	345.07
Commerzbank	1,513.7	1,515.5	1,004.4
HONG KONG			
Hang Seng	1,571.95	1,546.31	946.06
ITALY			
Banca Comm.	388.25	379.88	212.22
NETHERLANDS			
ANP-CBS Gen	221.2	220.8	165.2
ANP-CBS Ind	193.5	193.0	130.7
NORWAY			
Oslo SE	362.40	364.12	261.25
SINGAPORE			
Straits Times	751.46	750.72	907.17
SOUTH AFRICA			
JSE Golds	-	1,002.5	908.9
JSE Industrials	-	936.8	817.5
SPAIN			
Madrid SE	109.67	109.98	145.18
SWEDEN			
J & P	1,384.67	1,404.95	1,446.17
SWITZERLAND			
Swiss Bank Ind	499.3	492.0	376.9
WORLD	Sept 10	Prev	Year ago
Capital Int'l	214.8	215.5	180.4

GOLD (per ounce)

	Sept 11	Prev
London	$320.50	$322.00
Zürich	$320.60	$321.90
Paris (fixing)	$322.18	$321.25
Luxembourg	$322.50	$320.00
New York (Oct)	$321.20*	$323.20

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Sept 11	U.S. DOLLAR Previous	STERLING Sept 11	STERLING Previous
$	-	-	1.308	1.313
DM	2.961	2.94	3.8725	3.86
Yen	243.5	242.65	318.5	318.5
FFr	9.02	8.965	11.8	11.765
SwFr	2.439	2.426	3.18	3.185
Guilder	3.324	3.3035	4.3475	4.3375
Lira	1,967.5	1,954.0	2,573.5	2,565.5
BFr	59.65	59.35	78.05	77.9
C$	1.37115	1.37165	1.795	1.8014

INTEREST RATES

	Sept 11	Prev
Euro-currencies (3-month offered rate)		
£	11 11/16	11¾
SwFr	4⅜	4 11/16
DM	4⅝	4⅝
FFr	10⅛	10 7/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8⅛
6-month U.S.$	8⅜	8⅜
U.S. Fed Funds	7¾	7 11/16
U.S. 3-month CDs	8.00	8.00
U.S. 3-month T-bills	7.225	7.225

U.S BONDS

Treasury	Sept 11* Price	Sept 11* Yield	Prev Price	Prev Yield
8⅞ 1987	99 15/32	9.118	99 20/32	9.08
10⅜ 1992	99 28/32	10.38	100 4/32	10.32
10½ 1995	99 27/32	10.518	100 4/32	10.47
10⅝ 2015	98 24/32	10.742	99 4/32	10.71

Corporate	Sep 11* Price	Sep 11* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	99½	10.50	99½	10.50
3⅞ July 1990	81½	8.65	81½	8.70
8¾ May 2000	82½	11.20	82⅞	11.15
Xerox				
10⅞ Mar 1993	98¼	10.95	98⅝	10.90
Diamond Shamrock				
10⅝ May 1993	98⅛	11.00	98⅛	10.95
Federated Dept Stores				
10⅝ May 2013	97	11.60	92¾	11.50
Abbot Lab				
11.80 Feb 2013	100⅜	11.75	101⅜	11.60
Alcoa				
12¼ Dec 2012	98¾	12.40	99⅛	12.35

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	75-18	75-24	75-05	75-20
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.84	92.87	92.81	92.86
Certificates of Deposit (IMM) $1m points of 100%				
Sept	91.98	91.98	91.95	91.99
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.18	90.17	90.11	90.17
20-year Notional Gilt £50,000 32nds of 100%				
Dec	110-28	110-08	110-24	110-23

COMMODITIES

(London)	Sept 11	Prev
Silver (spot fixing)	459.00p	459.85p
Copper (cash)	£1,034.00	£1,036.25
Coffee (Sept)	£1,635.50	£1,623.50
Oil (spot Arabian Light)	$27.40	$27.20

EUROPE

Frankfurt loses grip on peaks

SUPPORT for stocks which reached record levels in Frankfurt on Tueday subsided yesterday, leaving the way clear for a gentle easing in prices during active trading.

Domestic investors moved in quickly to pick up the profits gained during Tuesday's sharp rise although this selling was partly countered by the return of international demand.

The net result was a 1.8 drop in the Commerzbank index from the record struck on the previous day to 1,513.7.

A marginal upturn at the close of business lent strength to the general market view that there is strong support around present price levels for a broad range of leading stocks.

The technical reaction centred on automotive stocks, which have been in most demand recently, while banks returned the favour and generally gained ground.

Deutsche Bank slipped sharply from its day's peak of DM 595, to close 50 pfg higher at DM 592 while Dresdner added DM 4 to DM 269.20 and Commerzbank DM 3.50 to DM 211.

In the automotive sector, Daimler slipped back DM 6 to DM 989 while BMW eased DM 2 to DM 511. VW moved against the tide to firm DM 2.90 to DM 347.90.

Nixdorf was the outstanding performer, gaining DM 10 to DM 572 on expectations that the company will soon release bullish information about its profit outlook.

Public authority bonds extended recent gains to close between 30 and 35 pfg higher in moderately active trading. The Bundesbank sold DM 55.8m worth of paper compared with DM 29.8m in sales on Tuesday.

Heightened concern about an impending drain on liquidity, following a series of public offering by French companies, depressed shares in Paris.

Although prices were only marginally lower, the market's general tone was demonstrated by declines outnumbering advances by 140 to 41 at the close of business.

Technology issues were under most pressure with Radiotechnique FFr 3 lower at FFr 303.

Food and drink stocks also felt the weight of selling. Moët Hennessy dropped FFr 24 to FFr 1,960, Perrier FFr 5 to FFr 484 and Pernod FFr 9 to FFr 719.

Profit-takers steered the course of trading in Brussels with volume again relatively low, and the Cash index off 6.94 at 2,423.69.

Brokers said the possibility of advances by Socialist candidates in the general election next month was pushing more investors to the sidelines, and they anticipate that the present tone will persist for several weeks.

Petrofina encountered mild selling and ended BFr 30 lower at BFr 6,070 while Solvay added BFr 10 to BFr 5,280.

News that GB-Inno-BM managed to lift revenue by only 1 per cent during the first half of the year clipped BFr 15 off the price to leave it at BFr 4,105.

Under the influence of advances by international and insurance companies the ANP-CBS general index in Amsterdam edged 0.4 higher to 220.8.

Unilever was at the centre of the foreign buying on hopes that it will succeed in its bid to acquire Richardson-Vicks, the U.S.-based pharmaceutical group. Unilever added Fl 2 to Fl 342.50.

Heineken benefited from foreign demand on news of higher-than-expected earnings. It firmed Fl 4.50 to Fl 159.50 after going ex-dividend on Tuesday's close.

Zurich moved ahead in heavy turnover with most industrial stocks generally higher.

In an otherwise slightly lower financial holdings market, buying interest concentrated on Schindler which advanced SwFr 175 to SwFr 4,600.

Georg Fisher was prominent among industrials, gaining SwFr 60 to SwFr 1,050.

In banking Baer rose SwFr 9,750, and among confectioners Jacobs Suchard was marked up SwFr 125 to SwFr 7,150.

Milan closed higher across a broad front as domestic institutions and international investors entered the market, pushing several blue chips to record levels.

Among the major improvers, Italcementi firmed L580 to L47,800, Olivetti L75 to L7,110 and Fiat L30 to L4,280.

Stockholm fell to profit-takers for most of the session, leading to a retreat for most major industrial issues.

Volvo slipped SKr 2 to SKr 239, Electrolux SKr 3 to SKr 141 and Ericsson SKr 6 to SKr 241.

During light trading, shares eased in Madrid with utilities and banks the most heavily traded.

SOUTH AFRICA

SELECTIVE local demand and a steady bullion price helped shares in Johannesburg to close higher.

Among golds, Southvaal gained R5 to R88, Buffels R1.50 to R74.50 and Driefontein R1.25 to R50.50.

Mining financials shadowed golds, with Anglo American up 75 cents at R31.75 and Barlow Rand 20 cents firmer at R11.20.

Diamond share De Beers also firmed, rising 10 cents to R11.65.

AUSTRALIA

AFTER an active Tuesday session in Sydney, investors paused to await fresh news and most stocks ended lower.

The All Ordinaries index closed 0.8 down at 955.1 while the gold index put on 3.0 to 1,033.2.

Trading in Coles and Myer, the stores groups, provided most of the market's interest. Coles fell 35 cents to A$4.15 as interests associated with Mr Robert Holmes à Court sold 10m shares to unnamed buyers at A$4.50 each. A second parcel of 6.9m shares moved through the market at A$4.50, but the buyers and sellers were not revealed. Bell Group, also controlled by Mr Holmes à Court, rose 30 cents to A$9.10.

Myer shed 20 cents to A$3.50 with 1.9m shares changing hands.

Media stocks attracted interest while BHP was steady at A$7.16, MIM lost 3 cents to A$2.65 and Bell Resources 10 cents to A$8.10.

HONG KONG

LATE buying activity in Hong Kong pushed prices sharply higher. The Hang Seng index, which advanced steadily throughout the session, ended 25.64 higher at 1,517.95.

Yesterday's gain was the first since last Thursday and the most significant since August 6 when the index added 29.03 points to finish at 1,700.93.

Heavy buying by local investors made strong gains for property shares, which have been especially weak since Hong Kong's banks raised interest rates about two weeks ago. Cheung Kong added 30 cents to HK$17.90, Hongkong Wharf 25 cents to HK$6.55, Hongkong Land 20 cents to HK$6.15 and Sun Hung Kai Properties 30 cents to HK$12.80.

Elsewhere, Hongkong Electric rose 10 cents to HK$7.90 while Hongkong Bank was steady at HK$7.30.

SINGAPORE

SPECULATIVE issues held centre stage in Singapore yesterday where shares rose slightly over a broad front in active trading.

Stocks to dominate trading included Supreme, 7 cents higher at S$1.86 after 2.03m shares changed hands, Innovest, also up 7 cents at S$1.48 with 1.02m shares traded, and Duta Consolidated, steady at A$3.62 after trading 1.01m units.

Banks eased, with OCBC 10 cents lower at S$7.95 and UOB off 4 cents at S$3.34, while Malayan Banking added 5 cents to S$5.65 and OUB advanced 3 cents to S$2.72.

TOKYO

Broader base for advance

INVESTORS broadened the base of their buying from blue chips and fiscal investment-related stocks to include a wide range of issues in Tokyo yesterday, sending share prices sharply higher, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average added 105.71 points to 12,625.25. Volume strengthened from 236.28m on Tuesday to 403.35m shares. Advances outnumbered declines by 468 to 321, with 154 issues unchanged.

In view of the continued index rise and expanded trading volume, optimism grew that the market had bottomed out. But some analysts remained cautious because the upsurge was fired largely from small-lot buying of Hitachi, Canon and other blue chips by an investment trust management company and speculators looking for immediate capital gains.

Fiscal investment-related housings and constructions were bought in early trading. Sakisui House gained Y7 to Y906 and Taihei Kogyo Y11 to Y870, but both had lost about Y20 from the day's highs in late profit-taking.

Companies with large off-the-book assets drew buying interest but slackened in the afternoon. Mitsui Real Estate firmed Y12 to Y946 and Mitsubishi Warehouse Y6 to Y781.

Buying interest shifted to blue-chip electricals and precision instruments in late trading. Fanuc soared Y240 to Y8,150, Sony Y150 to Y3,880, Matsushita Electric Industrial Y170 to Y2,420, Pioneer Y60 to Y1,800, Casio Computer Y60 to Y1,650, Canon Y90 to Y1,040 and Olympus Y 100 to Y1,060.

Minebea jumped Y47 to Y822 following its announcement that it would issue Y16bn in convertible bonds for private placement to counter Trafalgar Holdings' takeover bid. Fuji Spinning added Y33 to Y525 on speculative buying.

Kanebo, a major loser on Monday and Tuesday due to the sales suspension of its liver drug Catergen, partly recovered to close Y6 up at Y390.

Sanko Steamship topped the active list with 34.47m shares as speculative sources engaged in busy transactions for immediate profits. The stock moved between Y8 and Y12, ending at Y8, down Y3.

Mitsubishi Heavy Industries, second busiest with 23.47m shares traded, strengthened Y13 to Y400.

Bonds opened slightly firmer in buying by bank dealers but eased later as institutional investors had retreated to await announcements of U.S. economic indicators for August.

The yield on the benchmark 6.8 per cent government bond due in December 1994 was unchanged at 6.135 per cent.

LONDON

Speculation on takeovers fuels rally

TAKEOVER speculation rescued London from another potential setback yesterday, and the FT Ordinary share index, which registered a loss of 7.2 at one stage, recovered to close only 0.2 lower at 1,006.6.

Early in the session, sentiment had been unsettled by the announcement of disappointing interim figures from BAT Industries, which fell away to close at the day's low of 278p, down 45p.

Other blue-chip industrials followed suit, gathering momentum later following a sudden setback in oil shares. This was prompted by vague rumours, subsequently denied, that Saudi Oil Minister, Sheikh Yamani, had died.

However, the reaction which mainly reflected a defensive mark-down by jobbers, proved to be relatively short-lived as renewed speculative activity in recent favourites helped towards a revival.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30–31

CANADA

AN EXTENSION of the week-long slump in Toronto was seen during trading yesterday, influenced by a downturn in Wall Street.

Heading the actives, GEAC Computer moved down C$⅛ to C$10 followed by Canadian Pacific, off C$¼ at C$16⅝. Canadian Pacific has been declining since news of its plan to buy the remainder of Canadian Pacific Enterprises in a share exchange.

In Montreal, utilities rose while banks and industrials turned lower.